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UK Funeral industry report

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Foreword

This report covers the UK Funeral industry, a strategic map of the industry, competitive analysis, industry evolution, industry treats and governments regulation impact.

The report was conducted in February 2015. and slight changes have happened in the strategic map since.

Please visit the authors website www.lukstin.com or contact the author for further information on the industry.

Industry introduction

The funeral industry is specific due to the obvious fact of dealing with death and emotions. Survivors of the deceased usually do not have time or inclination to enter into a discriminating decision-making process. This results in the consumers exercising very little bargaining power.

It's uncommon, as a funeral is likely to be the third most expensive item after a house and a car. The key difference between these purchases, defining the whole marketing and perhaps overall strategies of this industry, is emotionally caused lack of willingness to familiarize oneself with products, processes and services that are available. Decisions are made on familiarity and the first recognized funeral name is chosen to conduct the funeral.

Overview

The UK funeral care industry is a complex market with over 1,000 companies of varying sizes. The market size is estimated at 2 billion pounds, growing at a 6% rate a year and is expected to reach the size of 3 billion a year within 2020.

The industry is still in the growth phase. Some of the **industry growth factors**:

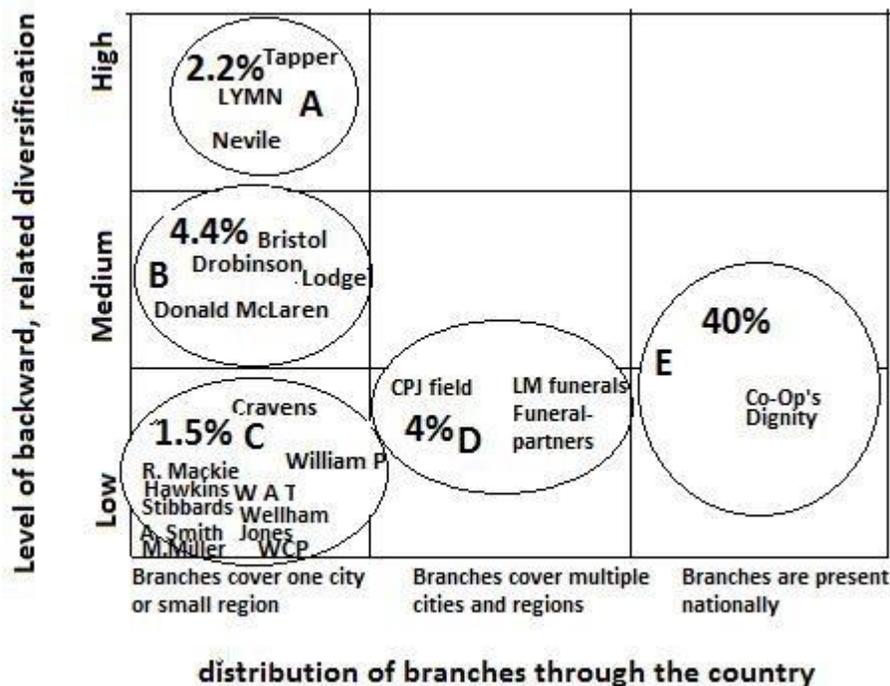
- **The death rate** is expected to rise on the second half of this decade, compared to last decade, as a lot of people who would be dying in the 2000's died during WWII.
- **Prices are growing** by 8% a year. This is mostly due to cost increases. The government is looking to reduce emissions for cremations' and is imposing specific regulations to lower the emissions made by each cremation. This increases the overall price of cremation, as to achieve these lowered levels of emission, new technology needs to be installed and more chemicals used in each cremation.
- **Consumerism** can be considered a growth factor. Some specific society segments are keen to spend more on funerals as a way of expressing remorse for the deceased. Funeral directors are keen to exploit this fact by introducing and upselling new services, increasing the amount spend on each funeral. A key strategy for some of the strategic groups.

As common with growing industries, the industry is not in a constant competition battle on day to day bases, which allows for the industry to sustain big prices and ongoing growth. Any increases in costs for the industry are subsidized by the consumers, as they face an increase in prices.

This has opened the doors for the pre-paid funeral segment that promise to lock in prices at today's rates. Pre-paid funerals are not covered in this report, however it's recognized that they are part of overall strategy for some firms and strategic groups. It's mentioned when that's the case.

Strategic groups within the industry

Only companies that are directly involved in funeral services and turnover 1 million (except for the C strategic group) or more a year are included. For Co-Op's, that's quite diversified in many industries, I have only accounted for their funeral branch business. To arrive at the strategic groups, I have conducted the following strategic map:



Characteristics of each group

A – Focused on serving a specific region for all of its funeral needs, but also serves other needs of the region, such as floristry, car hire for general events, managing cemeteries. Firms in this group supply and work in partnership with other funeral houses in neighborhood regions. Economies of scope are achieved and the company is a market leader in that area. Companies in this group are not competing against each other in any way, mainly because they are in different parts of the country.

This group has very **high exit barriers** mainly due to:

Strategic interrelationships – the funeral businesses generated volume of funeral calls is the driving force of the whole of the company. If a company has its own in-house floristry unit that serves other sectors, it still achieves economies of scale thanks to the volume generated by the funeral business.

Potential acquirers – from all of the groups, this group is the less appealing to be acquired by any other company in the industry. It's also not appealing to external potential entrants, since this sort of strategy requires a lot of operational know how and is generally an operations focused business.

B – Focused on serving a specific region for funeral services, with the in-house facilities, while mostly operating on the volume generated by the funeral house business, has potential to serve other needs of the region. This strategic group is looking to scale up and move into the **A** strategic group.

Exit barriers in this group are similar to group **A**, just to a lesser extent. This group is less dependent on good operations, since they are more focused on the funeral industry. It's also easier to find buyers for a company in this group.

Some companies in this group, which focus on coffin assembling, have made high investments in non-transferable fixed assets, to assemble the coffins.

C – the most common group a funeral house is likely to be in. The product line is provided by external partners and the funeral house works as an organizer and a middle man. This group is most likely to have the most variety and most personalized services. Groups in this group are more likely to establish more presence in the region, before any attempts at vertical integration.

This group faces the following **exit barriers**:

Tenancy agreements – a small funeral home is likely to face penalty costs incurred from cutting short tenancy agreements.

Potential upturn – a company might be tempted to stay in the market, as the goodwill they have built with their customer base is not showing financial returns instantly. A death within the customer base must occur and the death rates are not stable nor consistent through the year.

Emotional involvement – it's likely a firm in this group has been operated and owned by the family for generations.

Acquiring or merging – as long as local recognition is built, it's reasonably easy for a firm in this strategic group to merge or be acquired by any other firm in the industry.

D – Firms in this group are likely to be merged chains of the **C** group, owned by a parent who is looking to extract capital out of the funeral home's business. Focus in this group is on cost cutting based on joint volume and joint operations, as well as employing capital to purchase new funeral homes.

Firms are likely not to vertically integrate due to volume. The volume increases bargain powers with suppliers, adding little profits if a company vertically integrates, therefore a vertical integration is adding to the complexity of operations and the company faces risks associated with the vertical integration without many benefits. Firms in this group are slowly looking to develop national presence instead.

This group faces **exit barriers** such as:

Potential upturn – since this group is directly looking to increase its profitability by having a combined volume and operations benefits, it's likely to stay in business since the death rates are forecasted to increase within the next 10 years, compared to the last decade.

Closure costs based on terms made when acquired or merged companies – a lot of the family funeral homes that were acquired by firms in this group, still have family members working in them or running them. This is likely to be specified in the terms when the company was sold and increases redundancy costs.

E – The biggest and most profitable group in the industry. Both companies are vertically integrated to some minimal extent, in aspects where they cannot negotiate volume based discounts big enough to satisfy the levels of returns required. Vertical integration is too risky, as it must cover plants all over the country, therefore requires access to big capital, putting the whole business at risk. It could be forecasted that the companies are going in different directions and likely to split in different strategic groups.

Dignity is looking to decrease costs, by sacrificing on personalization (it only offers 15 coffins, compared to nearly 100 from most of the firms in **D** group and 35 to Co-Op's), increasing its margins per funeral and compensating for decreased personalization by investing in pre-paid funerals sales forces, to lock in consumers.

Since Co-Op's is a part of bigger, more complicated company, it likely has peaked already (it lost 15% of its funeral business revenues in 2014 and its parent companies are facing constant problems, e.g. Co-Op's bank crisis in 2009, the issues in food retailing industry) in its horizontal expansion and will resort to down scaling and moving into a more vertically integrated company.

This is also the only strategic group where the companies have **different exit barriers** because of their brands. Dignity keeps the family name on the businesses it acquires, leaving themselves an option to sell parts of its business to any of the companies in group **D** or potential new entrants.

Co-Op's on the other hand does not build local goodwill, but relays on its overall nationally recognized brand. To account for goodwill in an acquisition, Co-Op's would have to sell the whole funeral business chain to one acquirer, limiting the number of potential buyers. The acquirer would have to be an external entrant, as The Competition and Markets Authority would likely deny an existing player, with the means to get the capital required, to buy the whole chain. The overall number of buyers are low and in an actual need of an exit Co-Op's would likely sell off its branches to different firms in the industry for under market value, without accounting for **local** goodwill as there is none.

It's important to recognize these differences between the two firms.

The **exit barriers** common for both firms in this group are:

High redundancy costs – similarly to firms in D group, companies that were merged and still have family members working in the business, are likely to increase redundancy costs.

High investment in non-transferable fixed assets – firms in this group are continuously buying up crematories and other plants, specific to the industry. They also have big amount of hearses and other funeral related automobiles, that, because of the amount and legislative requirements (must have an indoor garage, everything from drivers to cars insured), are not easily transferable due to lack of buyers for such a big quantity of cars.

Other closure costs – it's common for firms in this group to operate under leasehold tenancy terms.

Competition analysis

Rivalry among existing competitors

Funeral homes are chosen by recognition, people go with what's familiar and once in a funeral house, rarely do they go to other funeral directors. This is caused by the consumer's emotional state at the moment the service is required.

There is very little direct competition between firms in all of the strategic groups.

Bargaining powers of buyers

The main segment, mass market consumers, exercise very little to none bargaining powers regarding prices. They might be exercising some form of bargaining over details of the funeral – asking for more personalized services.

Other, smaller segments, such as government institutions and some religious institutions that offer low cost funerals to its members (the Jewish church for example as means to offer a cheap alternative to cremation, that's forbidden in Jewish faith but is cheaper than a burial), exercise a lot of bargaining power and negotiate good prices by means of public tender contracts.

Most of these contracts are fulfilled by the **E** strategic group. Such contracts require cash reserves and constant volume to compete on prices and the **E** group is the only one to have the means to do so.

Threat of Substitute Products or Services

The UK funeral industry, compared to other countries, has fully adapted to 70% cremation rate (biggest in the world, except countries where the religion requires a cremation) and therefore faces small instant threat of substitute products or services.

A threat to the overall profit margins and threat to sustaining revenues the industry is used to, is green funerals. Green funerals are burials in woodland plots without embalming, in an eco-coffin or without coffin in extreme cases. Most strategic groups in the industry would see their profits shrink would this trend become more mainstream, as services such as embalming can no longer be up-sold and eco-coffins provide relatively low margins.

The green funeral trend is still growing and firms are preparing for them. Most firms in all of the strategic groups list green funerals as an option on their website.

Another growing trend is donating to a charity versus buying flowers for the funeral. This trend has mixed implications on different groups and firms in groups. For the firms that have their own in house floristry department, this trend is costing some of its profitability and forcing to sacrifice on overall personalization by not allowing this option, or diversifying into serving other industries with its floristry departments.

I would also like to make a case of **on-demand funerals** being in threat of being substituted by **pre-paid funerals**. While all of the strategic groups have access to various pre-paid funeral plans to sell, through companies and trade associations that provide such options, only the big firms have the means to do it efficiently and with high volume. A funeral that would likely be conducted by a firm in the **A** strategic group, can be **pre-paid** to a firm in the **E** strategic group, because of such firm's efforts to access this consumer first. It's in no way a monopoly of pre-paid funerals, as consumers exercise some bargaining powers and research the package they're going to purchase, however the big firm's packages are more competitive and they have more trust credit.

Bargaining powers of Suppliers

Most of the uncertainty in the funeral home industry is taken upon and endured by the suppliers. The coffin manufacturers and importers are the ones to do most of the industry research and trend analysis.

A short downfall in death rates will reflect the suppliers' bottom lines way more than that of a funeral home.

The supplying industry does have some switching costs implemented to increase its bargaining power. JC Atkinson, one of the biggest UK coffin manufacturers, provides companies with product training, market intelligence materials, sales support and advice. It could be argued how much of these activities are actual switching costs versus necessary activities as a supplier, in the always changing and unpredictable demand for funeral products.

Group A & B – has balanced bargaining relationships with suppliers, firms in these groups negotiate volume based discounts where they can and vertically integrate where they cannot.

Firms in this group are suppliers themselves to some extent, one can purchase a coffin assembled by Lodge Brothers without their funeral directing services, one can lease LYMN Barkley limousines for their wedding or purchase a green burial plot in Tappers woodland burial ground.

Group C – this group works with most partners and suppliers, having very little bargaining powers. This group gives a lot of its profits away to its partners and suppliers, since they have little volume and work with many suppliers to compete in the industry as highly personalized funeral directors, building local goodwill and competing for winning local business.

Group D – this group has some level of bargaining powers, since they have volume to negotiate discounts. Since companies in this group are mostly merged companies from group C, part of this group's strategy is to exercise more bargaining power to increase profitability of each branch it owns.

Group E – this group enjoys the biggest bargaining power over suppliers because of its volume.

Threat of new Entrants

Overall entry barriers –

The two biggest and possibly the only real obstacles for entering the industry is brand recognition and access to capital.

Since funerals require constant cash flow (funerals are invoiced for 10 days after the funeral, multiple third party fees are paid on behalf of the family by the funeral director), running a funeral house requires capital.

As mentioned multiple times up to this point, a funeral director is chosen based on familiarity. A familiar family funeral director name will get the call. A newly opened, never heard of name will not be trusted to conduct a funeral of an ones loved one. This works as a big obstacle for entering the industry especially in the C strategic group. A newly opened funeral house spends most of its time building goodwill, working with local community. Most of these activities require capital.

Access to capital is quite limited. Even options such as private investors are limited, since there are plenty of opportunities to employ capital in the funeral industry, some with more promising returns than investing in a new funeral home. A private investor can buy shares in Dignity PLC at the stock market, an

investment bank can purchase multiple branches and merge them into one or finance the expansion of an existing merged chain (group **D**).

Group A – firms from the group **B** could be looking at entering this group, however they are not a direct threat to any of the companies in this group, as all of the firms of group **A** compete in different geographical locations.

Local firm, with characteristics of a **B** group's firm, looking to enter the **A** group, would require access to capital for integrating into the **A** group. Such investment would be highly risky and make both companies go into instant rivalry.

Another mobility barrier into this group is access to distributors for the related industries. Some distribution channels might be blocked, since they are organized through NAFD and if the company defending against entry has any influence over NAFD, it could use this influence.

It could be argued that for some non-London regions, there can only be one company of group **A** characteristics, due to limited volume the region can offer. This would make any firm wanting to integrate into a group **A** firm in a region where such a firm already exists, a high risk investment.

Group B – firms in this group face a more realistic threat of entry from a local company, characterized as a group **C** company. However, for a firm from group **C** to successfully move into group **B**, it first has to horizontally expand to a level of sufficient volume.

Again – a firm standing in group **C** is only a threat of integration for a firm in **B** group, only if they both compete in the same exact geographical region.

A completely new entrant in the industry might try to enter the sector right from this group. Serving other related industries with some sort of competitive advantage (such as memorials or memorial repairs), while using any profits to operate low volume funeral houses and building local recognition.

Group C – faces the biggest threats of entry. In theory – anyone can setup a funeral house, there are no licenses or regulations standing in one's way. Most of the things described as overall industry entry barriers apply especially to this group.

The only way a company in this group can protect itself from new entrants is by building local goodwill and by word of mouth marketing, while providing high quality services.

This group is also the one most likely to be damaged by the wrong doing of another small firm in the region. Customers can be lost simply due to lack of trust for small one branch or recently opened funeral houses.

Group D – faces similar threats of new entrants, as the firms in group **D** and their strategic positions are easily copyable by a firm with access to capital. An external company can merge **C** group companies and enter into this group. Companies in **C** group face the lowest profit margins and most uncertain volume in the industry, therefore finding sellers of **C** groups companies is not an obstacle.

This is the only group that should actually be building mobility barriers, as each new firm in this group, regardless of its geographical region, takes out profit margins from this group as a whole in form of lowering its overall bargaining powers with its suppliers.

5 firms merged from group **C** to form a new group **D** firm directly takes profits away from coffin and other suppliers. These suppliers, becoming less profitable, are forced to go out of business, increase their prices or take strategic measures, such as differentiate their product lines, build switching costs or focus on one segment. In any case – this lowers the bargaining powers of group **D**, a key strategy for this group.

Group E – faces very little threat of new entrants. For a firm to enter this group, it has to have full vertical expansion, with branches covering most of the country. There are many firms in group **C** potentially selling their business, however all of the companies in group **D** are competing to buy them. Multiple firms in group **D** merging, to enter group **E** is possible, however group **E** is differentiated from group **D** also by being more vertically integrated.

Since firms in group **D** are owned by parents looking to extract capital out of the funeral business, they are likely not to take the risks associated with vertical integration and are not a real threat to entering the **E** strategic group.

Regulations and overviews of adjacent industries

Cremation facilities

Cremation are regulated due to emission pollution concerns. The regulation paper was published on March 2012. and was requesting the rules to be implemented within 12 months.

The document describes ways emission pollution should be recorder and kept track of. The government is giving detailed instructions of reducing emissions by using specific procedures, facilities and chemicals.

The effect on this was increases in cremation prices and necessity for capital to implement the changes, evolving the cremation facility industry.

Cemeteries

There have been multiple debates and documents released regarding cemeteries. The government is very aware of the issues and concerns regarding burial facilities, such as:

- **Multiculturalism**, especially religions, as a concern when planning burials.
- Need for procedures to deal with **buried remains** in cases where the land is needed for construction developments.
- Complexity in maintaining and **managing burial plots**.
- Burial grounds are not financially sustainable, as they are **diminishing assets**.
- **Memorial practices** are of importance as well in constructing and planning a burial ground.

The government has recognized that the main things they want to regulate are:

- Consumer protection;
- Public health problems;
- Public order.

The government does not want to provide any mechanisms for delivering the actual burial and funeral services.

It's argued within the industry that the demand for cremation is increased because of the lack of well-managed, locally accessible cemeteries with available burial space. There is no law to make available a place for a burial and local authorities increase prices of burial plots as a way to manage the demand.

Since London is highly populated, its cemeteries are dealt with and viewed differently than elsewhere in the country.

Many of the old burial plots have heritage value, they were designed in the 19th century by the same people that created public parks, and therefore they were viewed and remain a part of the "park family".

Even though these burial grounds have buildings and landscapes on them, they are still not properly maintained.

There are public voluntary groups, such as cemetery friends, that deal with and maintain cemeteries. This indicates that the public recognizes the spiritual and heritage value in cemeteries. The funeral industry should and likely will adapt to this new trend by implementing it into their marketing strategies.

Falling masonry is one of the biggest health and safety concerns. Such issues are presenting local authorities with a major headache, as they have to balance **safety**, **cost** and **heritage** factors when considering what to do to ensure the public use and appreciation of historic cemeteries and churchyards. This has opened doors to funeral homes to provide memorial restorations services. Firms, especially in group **B**, have in house facilities for providing this service.

There have been 4 deaths between 1995 and 2004 from falling memorials in burial grounds. Thousands of memorials are now being force tested for safety. Where found unstable, they are removed or laid flat. The government recognizes this as an obvious concern and has calculated it would take 25 full time employees and 2 million pounds a year to inspect each grave yard every 5 years.

If the government was to go ahead and start regular inspections of the cemeteries, this would make some of the funeral firms diversify into memorial restoration to a bigger scale. Those would likely be the firms in **A** & **B** groups. It could also potentially be the firms in **E** group, as such a contract with government would lower the risks of vertically integrating and adding this service. Companies in **E** group could achieve economies of scale to provide competitive prices, as they already have nationwide coverage of branches and operations.

The upcoming growth in death rates has bought up the issue of re-use of a burial plot. The issue and question of re-using graves has been on the government's agenda for a while. There were heavy discussions for this in 2000-2008. Most of the discussions were on the techniques used to re-use graves and if local governments should have any say in the techniques. Re-use of graves is however still a very sensitive issue for the public and as it's not recognized as a critical manner, re-use of graves is on hold and *a to be reviewed* status for the moment.

The burial industry is arguing that reusing burial plots is the only long term solution if cemeteries are to be financially viable and the public is to continue to have access to affordable, accessible burial in cemeteries, fit for the needs of the bereaved, there might be no alternatives to grave reuses.

If the re-use of burial plot was to be regulated, it would open the doors for above-ground burials. They are common in other countries in the world and would become sustainable financially in the UK, would there be a regulation for re-use of burial plots. This would likely change the funeral industries structure as well.

The supplying industry

The supplying industry is continuously becoming more and more fragmented due to increasing demands for personalized services. The coffin manufacturing industry is also facing competition from the coffins manufactured by the Chinese. This has limited their ability to only be able to compete for the generic, mass production coffins nationally, as any international demands are fulfilled by the Chinese manufacturers.

This has left the supplying industry in a U shape profitability vise and making some of the manufacturers go out of business or adjust their strategies. This has resulted in big investments in research and development. The very differentiated companies compete internationally, especially for cremation products.

Because of the supplying industries potential to satisfy the consumer demand for highly personalized products, a case can be made that the merchandise supplying industry is causing fragmentation in the funeral homes industry.

With the growth of popularity for green funerals, the embalming supplies industry is due to follow similar U shape profitability faith. Many supplying and manufacturing companies are likely to face decreased demands, leaving few companies supplying the remaining demand and achieving economies of scale. The other companies would be left with the option to differentiate, however, since they're not supplying directly to consumers, successful differentiation would require huge investments in research and development, taking the associated risks with it.

It's likely that the embalming industry will diversify into other industries, such as medical waste management or similar industries. The popularity in green funerals are growing slowly, so it's not a dramatic turn in the embalming industry and the companies in it are likely to survive due to time given to adjust.

There are new digital and other type of segments created in the supplying industry. Many young digital entrepreneurs are developing digital memorial products. Some suppliers are building switching costs by building operational software's for funeral homes. Some of the software's allows for orders of flowers through the funeral homes website, with the software supplier working as a middle man between local florists and local funeral homes. This is a good example of how the group C is losing bargaining powers and giving away its profits to suppliers.

Even the traditional products and services, such as the hearse, are innovated upon by the supplying industry. There is a company in the UK specializing in manufacturing motorcycle hearses.

Very high diversity, especially in urn designs combined with the demand for personalization, has opened the doors for importers and distributors of funeral products. Since there are many differentiated manufacturers, for funeral directors to deal with one supplier, there is a need for distributor. This is mostly done through the software's mentioned before and the companies in the group C are the demographics.

Industry evolution

The industry trends are changing rapidly and the funeral industry is under constant change and uncertainty. This section covers some of the potential industry evolutions within the next 20 years.

Unclear death rates and demographics

Unclear death rates and demographics – as mentioned before, the death rates are going to rise within the next 10 years compared to last decade, due to people dying in WWII instead of the 2000's.

It's unclear if the longevity increase can be sustained and what will happen to the death rates after 2025. Another uncertain aspect is immigration. The wishes of immigrants to be buried in the UK or transported to their home countries are unclear, as well as the actual immigration rate due to geo-political events and government policies.

The cultural wishes of the immigrant funerals conducted in the UK are hard to predict, and the industry is likely to adapt to this to some extent. The combined number of immigrants can potentially cause a change in industry structure, likely structuring the industry to keep itself flexible to multiculturalism.

Changes in branding, local recognition and goodwill values

A new trend is observed in the funeral industry – local recognition of a funeral home is becoming less valuable due to local demographic changes.

People in different parts of the country are moving due to wave of immigration in their boroughs or increased living costs. Some local funeral homes are moving with their demographics. The value of the local brand is going down, which changes the way funeral homes are marketed.

More and more emphasis is put on the trade associations to take an active part in marketing their brands, moving the recognition and trust in a funeral home, to recognition and trust in the trade association the funeral home is member of.

An alternative to trade associations are local councils. In some part of the country, local councils are already providing group contracts with fixed-prices for funerals, in partnership with local funeral directors.

Potentially clearer third party costs

The industry is facing more regulation in its adjacent industries – cremation and cemeteries. Once these regulations are in place, this can potentially open the doors to more control over costs and more competitive pre-paid funeral packages.

Worldwide epidemics and other catastrophic events

Worldwide epidemics, such as Ebola virus, can potentially evolve the industry into safe disposals of bodies and a standardized funeral ceremony, with a focus on selling memorial products and cutting costs for the actual disposal of the body.

Medical institutions, especially during times like this, facing increasing costs and in need of capital, could enter the vertical value chain to some extent as means of budget filling.

In my search of public tender contracts, I found a contract where the government is looking for repatriation and funeral services for troops. This indicates that more client segments are developing and the only optimal way to access most of the segments is by cutting costs and being a cost leader.

Personalization, educated consumers and changes in emotional states

There are many very creative innovations available in products and product lines. These innovations have been highly reported on in the mainstream media and people are becoming increasingly more aware of the products available and requesting more personalized services.

The emotional states of the survivors are also changing. With globalization and growing population, death of the deceased is becoming of lesser impact. Death is becoming less of a taboo subject and being perceived more as what it is – simply dying.

With this more rational view, it could be argued that the funeral industry is moving from enabling others to adapt to the death of the social creature of the deceased, onwards disposal of a death body while keeping and emphasizing the social creature in forms of memorials.

There are many industry products that speak for this. Maybe the most loudly – „ memorial” domain names released on 18.03.2015., or virtual candles and the innovation potential social media generally offer in this aspect.

Even though the things listed are product trends or abstract life concepts, they should be recognized when viewing the funeral industry in terms of industry evolution – the society is changing and so should the funeral industry. There were no modern funeral ceremonies and an industry such as this 300 years ago.

Structural change in adjacent industries

Structural change in adjacent industries – the coffin manufacturing industry already is in a U shape profitability wise. There are website connecting coffin manufacturers to consumers for direct purchase of a coffin.

The coffin manufacturers are changing their strategies to either achieve economies of scale, differentiate or focus on a segment. Some of the suppliers are increasing their bargaining powers and making some strategic groups and firms less profitable. This has already evolved the industry onwards introduction of new services to make up for the margins and revenues lost.

Regulations in adjacent industries are creating a direct impact in the funeral industry, as is the case with cemeteries. A regulation in re-use of burial plots and innovative models of sustaining cemeteries financially, would almost certainly expand the funeral home industry into managing such plots and change the funeral industries landscape.

Crisis in one of the big firms

Since some of the firms are parts of bigger parent companies or require complex operations, there is a risk of crisis in one of the big firms. This could potentially make the firm start a warfare in prices, as means to survive, especially considering the very high exit barriers for the big firms of the industry, impacting the whole industries structure.

Entering the mature phase

If the industry was to face a stop in growth, the whole structure of the industry would change dramatically and the highly differentiated and low cost companies would survive. There are no indications whatsoever of this happening anytime soon and the industry as whole is likely to skip this phase and go into decline.

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