



UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

Office of the Secretary

April 29, 2014

Jim Bates, Director
Funeral Consumers Alliance of North Texas

Re: *In the Matter of Service Corporation International and Stewart Enterprises, Inc.*
Docket No. C-4423, FTC File No. 131-0163

Dear Mr. Bates,

Thank you for your comment regarding the definition of “Funeral Services” in ¶ III.A.9. of the Federal Trade Commission’s (“Commission”) Complaint in the Matter of Services Corporation International (“SCI”) and Stewart Enterprises, Inc. (“Stewart”), Docket No. C-4423. This letter responds to your comments on behalf of Funeral Consumers Alliance of North Texas. The Commission has placed your comments on the public record pursuant to Rule 4.9(b)(6)(ii) of the Commission’s Rules of Practice, 16 C.F.R. § 4.9(b)(6)(ii), and it has been given careful review.

In your comment, you state that “cremation services” should have been included within the definition of “funeral services.”¹ The definition of “funeral services” excluded cremation services for two primary reasons. First, staff found that most consumers do not – and would not – substitute cremation services for funeral services based on price. Instead, consumers generally choose cremations or funeral services (e.g., burials) based on their personal or religious views and do not view those services as interchangeable. Second, staff found that cremation and funeral-service prices were set independently of one another – that is, cremation service prices did not affect funeral-service prices, suggesting that the price for funeral services is set without concern that consumers would switch to cremation based on the price. Indeed, nearly all of the several hundred funeral directors we interviewed stated that the most significant constraint on the price of funeral services was the price and sale of funeral services by competing funeral-service providers – not cremations. Therefore, staff concluded that cremation services were not a meaningful source of competition for funeral services and are appropriately excluded from the relevant market.

¹ Complaint ¶ III.A.9. states, “The provision and sale of funeral services and associated products (“funeral services”) constitutes a relevant product market in which to analyze the competitive effects of the Merger. Funeral services include all activities relating to the promotion, marketing, sale, and provision of funeral services and goods, including, but not limited to, goods and services used to remove, care for, and prepare bodies for burial; and goods and services used to arrange, supervise, or conduct the funeral ceremony. Funeral services do not include cremation services”

You also expressed concern that excluding cremation services from the relevant market may lead to monopolistic pricing. Staff investigated the likely impact of the transaction on competition for cremation services and found that the competitive conditions for cremation services were substantially different from funeral services. In particular, staff found that, in addition to funeral homes that offered both cremation services and funeral services, there were significantly more cremation-services providers, making the market for cremation services much more competitive than funeral services. After thorough analysis, staff concluded that the transaction was not likely to harm competition in the provision of cremation services.

After careful consideration of your comment and the entire evidentiary record, including all submitted comments, the Commission has determined that the public interest would best be served by issuing the Decision and Order as final without modification. A copy of the final Decision and Order and other relevant material are available from the Commission's website at <http://www.ftc.gov>.

It helps the Commission's analysis to hear from a variety of sources in its work on antitrust and consumer protection issues, and we appreciate your interest in this matter.

By direction of the Commission, Commissioner McSweeney not participating.

Donald S. Clark
Secretary