

Prepared Statement of  
the Federal Trade Commission





Because mark-ups on caskets can be significant, online casket purchases can potentially save consumers substantial sums of money. Additionally, online casket sellers also may be able to offer consumers a greater variety of choices, such as individualized caskets. Some states, however, require that casket purchases be made only through a licensed funeral director at a funeral home.

On September 5, 2002, the Commission filed an amicus brief in federal district court in the matter of *Powers v. Harris*,<sup>(11)</sup> in which an Internet-based casket seller challenged a state law that requires all sellers of funeral goods to be licensed funeral directors. The Commission's brief stated that the FTC's Funeral Rule was adopted, in part, to open casket sales to competition from sellers other than funeral directors and that the Rule protects consumers by promoting competition among providers of funeral goods, including independent online casket retailers.<sup>(12)</sup>

#### E. Automobiles

Automobiles represent one of the biggest investments for many households, both in terms of their purchase price and their importance to a family's daily life. A group of Yale economists have concluded that consumers who use Internet purchase referral services to buy a car pay on average 2% less than consumers who do not.<sup>(13)</sup> Moreover, the Consumer Federation of America ("CFA") projects that if the restrictions currently imposed on Internet auto sales were removed, savings of 10% per vehicle are achievable over time.<sup>(14)</sup> At today's prices, CFA estimates that this would amount to savings of \$2,500 per car.<sup>(15)</sup> Yet another study has concluded that expanded online auto purchases would especially benefit women and minorities.<sup>(16)</sup>

On the other hand, many dealers argue that they have legitimate reasons for concern about manufacturer Internet sales. The National Automotive Dealers Association argues that franchise laws protect consumers against unscrupulous manufacturers.<sup>(17)</sup> Dealers also argue that Internet sales unfairly undermine their businesses by letting online sellers "free ride" off the dealers' personal services. Further examination of these concerns would be valuable. Currently, all 50 states prohibit manufacturers and online sellers without a franchise presence from selling new cars directly to consumers.

#### F. Wine Sales

Wine is a good example of how the Internet can permit fundamentally different business models to flourish. Through the Internet, many smaller vineyards, with limited distribution networks, can now market their wines to consumers around the country.<sup>(18)</sup>

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- Healthcare, Pharmaceuticals, and Telemedicine;
- Cyber-Charter Schools;
- Auctions; and
- Online Legal Services.

The Commission expects to learn more about the existence of and relative costs and benefits of any restraints on online competition in these industries.

## V. Conclusion

Thank you for this opportunity to share our views on competition and Internet commerce. We look forward to working with the public and with the Subcommittee in understanding these issues and in helping to give consumers the full benefits of online commerce.

### Endnotes:

1. The views expressed in this statement represent the views of the Commission. My oral statement and responses to questions you may have are my own and do not necessarily reflect those of the Commission or any individual Commissioner.

2. In particular, the Progressive Policy Institute wrote two comprehensive reports analyzing Tm [(1)][(1)[ 2ypC5(c)-e80 Tg7w15(o).o9(e)-w ileeo 2itll6(y)-8(z)8( a 2)-2n

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