

## **Consumer Segmentation of the Legal Services Market in England and Wales: Final Report**

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## Table of Contents

<b>Executive summary.....</b>	<b>4</b>
<b>1. Introduction.....</b>	<b>11</b>
<b>2. Phase 1: Systematic review of segmentation frameworks.....</b>	<b>12</b>
<b>2.1 Purpose and methods .....</b>	<b>12</b>
<b>2.2 Key findings .....</b>	<b>13</b>
2.2.1 Further research using psychographic or behavioural segmentation is needed .....	13
2.2.2 Legal service providers hold different perceptions and beliefs than consumers .....	14
2.2.3 Common barriers to accessing legal services .....	14
2.2.4 Regulation is considered important, but it has limited impact on consumer decision making....	15
<b>3. Phase 2: Qualitative study of individual consumers and small business owners.....</b>	<b>15</b>
<b>3.1 Purpose and methods .....</b>	<b>15</b>
<b>3.2 Key findings .....</b>	<b>16</b>
3.2.1 Most users and non-users of legal services felt vulnerable.....	16
3.2.2 The decision of whether to seek legal services appears to be based at least partially on perceived risk .....	17
3.2.3 Good communication is critical for customer satisfaction .....	17
3.2.4 Factors influencing individual consumers' decisions of whether and from whom to seek legal support, and their satisfaction with the service .....	18
3.2.5 Factors influencing small business owners' decisions of whether and from whom to seek legal support, and their satisfaction with the service .....	18
<b>4. Phase 3: Value-based segmentation.....</b>	<b>19</b>
<b>4.1 Purpose and methods .....</b>	<b>19</b>
4.1.1 Purpose .....	19
4.1.2 Legal issues examined.....	20
4.1.3 Service attributes examined .....	21
4.1.4 Service configurations.....	21
4.1.5 Statistical analyses .....	23
<b>4.2 Results for each service attribute .....</b>	<b>23</b>
4.2.1 Product .....	23
4.2.2 Place.....	24
4.2.3 Price model .....	24
4.2.4 People .....	24
4.2.5 Process.....	24
<b>4.3 Results for each legal issue .....</b>	<b>25</b>
4.3.1 Conveyancing (individual consumers) .....	25
4.3.2 Housing (individual consumers).....	26
4.3.3 Employment (individual consumers) .....	26
4.3.4 Commercial property (small business owners).....	26
4.3.5 Employment (small business owners) .....	27
<b>4.4 Conclusion – Phase 3.....</b>	<b>27</b>

<b>5. Phase 4: Impact of ethnicity and SES on access to justice .....</b>	<b>28</b>
<b>5.1 Purpose and methods .....</b>	<b>28</b>
<b>5.2 Key findings .....</b>	<b>29</b>
5.2.1 Demographics .....	29
5.2.2 General attitudes and behaviours .....	29
5.2.3 Law-specific attitudes and behaviours .....	29
5.2.4 General conclusions – Phase 4.....	30
<b>6. Phase 5: Test of policy interventions .....</b>	<b>30</b>
<b>6.1 Purpose and methods .....</b>	<b>30</b>
<b>6.2 Key findings .....</b>	<b>31</b>
6.2.1 Legal matter recognition.....	32
6.2.2 Legal empowerment.....	32
6.2.3 General conclusions – Phase 5.....	33
<b>7. Summary and conclusion .....</b>	<b>33</b>
<b>7.1 Key findings of each phase .....</b>	<b>33</b>
<b>7.2 Key findings of the research overall .....</b>	<b>35</b>
<b>7.3 Possible future actions .....</b>	<b>36</b>
<b>8. References.....</b>	<b>38</b>

## **Executive summary**

### **Background**

Not all legal journeys are the same, so adopting a one-size-fits-all approach to improving access to justice is unlikely to work for everyone. To inform a more tailored approach to service provision, we can check whether some or all consumers share certain needs and preferences. Consumer segmentation is the process of organising consumers into groups or segments based on certain qualities that they share.

Much of the existing segmentation research for the legal market has grouped consumers based on their legal issue or individual demographic characteristics, such as age. However, such approaches are limited, as not all consumers of a specific legal service or in a particular age band will have the same requirements.

To improve segmentation and better understand each segment, a different approach is needed.

This research had the following objectives:

- (i) integrate existing research on the legal services market focusing on segmentation of consumers;
- (ii) determine consumer types to find reliable and meaningful differences between groups;
- (iii) better understand the information and support needs of these different consumer types; and
- (iv) identify the barriers that different types of consumers face in their legal journey.

We addressed these objectives across five phases of research, with each phase building on the findings of the previous phase.

The research focused on individual consumers and small business owners in England and Wales. These consumers are less likely to access the legal services they need and more likely to experience a power imbalance due to their lack of experience and expertise. We ensured Welsh respondents were proportionally included in each study phase.

Overall, we identified a wide range of barriers to using legal services.

This study found, as detailed in the 'Phase 3 summary' below, which aspects of the legal service provision (known as 'service attributes') consumers consider important. It then determined the combinations of service attributes preferred by different groups of consumers.

We also found that socio-economic status (SES) more strongly affected respondents' legal experiences, barriers, attitudes, and behaviours than ethnicity did. Testing some simple interventions demonstrated that people's anxiety about the legal process can be reduced, which in turn increases their likelihood of using legal information sources and legal services. More details on each of the five phases follow.

### **Phase 1 summary**

We systematically reviewed 129 academic papers and practitioner reports on the legal services market in England and Wales to learn from consumer segmentation approaches to date. A key finding was that using psychographic or behavioural segmentation is likely to be a more accurate reflection of differences between consumers' preferences than the approach taken by many prior studies: segmenting consumers based on their specific legal matter or on demographics such as age, gender, income, education, or ethnicity.

Psychographic variables refer to psychological traits and characteristics of consumers, such as personality traits, attitudes, and knowledge. Behavioural variables refer to specific consumer behaviours – for example, the propensity to shop around or prior experience with legal services.

The review also identified some discrepancies between the service attributes that consumers value and the attributes that service providers perceive that consumers value. These discrepancies refer to the different values given to price and process transparency, value for money, perceived level of understanding of the client's needs, and clarity of communications. For instance, many legal service providers believe that their communications are clear and effective, but more consumers disagree.

The review also highlighted prominent barriers to accessing legal services, which, if addressed, could improve consumer satisfaction. These barriers included:

- the consumers' lack of knowledge of and negative perceptions about the legal process;
- the existence of 'legal deserts' (i.e., areas of law or physical locations with limited service provision); and
- digital exclusion (i.e., consumers with little or no access to the internet are increasingly excluded from legal services).

### **Phase 2 summary**

We interviewed 35 individual consumers and small business owners to assess their legal needs and experiences in their legal journey. We identified the most important attributes for consumers' choice between and satisfactory use of legal service providers.

These factors apply both to individual consumers and small businesses and include:

- approachability;
- emotional support;
- responsiveness;
- transparency (both with cost and processes); and
- engagement method.

A provider's willingness to answer basic questions and explain things in lay terms throughout the legal process reflects good approachability. Feeling understood and supported through on-going, transparent communication, as well as consistent responsiveness, are necessary to build trust and reassure consumers. Meeting face-to-face, either in-person or via video call, is important for building trust, especially early in the process.

Barriers that deter or prevent legal engagement, both for individual consumers and small business owners, include:

- perceptions of, or actual, high cost;
- concerns about personal/client relationships; and
- the time and energy required to pursue legal services.

In addition to these, barriers for small businesses include concerns about cash flow disruptions and the difficulty of selecting a legal service provider.

### **Phase 3 summary**

Based on the clear findings from the literature review, we tested a different approach to segmentation. This study provides the first value-based segmentation of the legal market conducted in England and Wales.

This segmentation is 'value-based' in that it segments consumers based on how much they value various attributes of the legal service. To be able to robustly test this approach and based on the earlier phases, we focused on:

- five common legal matters that varied in terms of their transactional level and contentious nature (conveyancing, housing, employment for individual consumers, and commercial property and employment for small business owners); and

- five attribute groups (price model, specialism, service delivery type, approachability, and frequency of updates).

We found that when consumers are choosing and using legal services, some consider all attributes equally important, whereas other consumers weigh some attributes (e.g., price model or specialism) as much more important than others.

Furthermore, different consumer segments had different preferences with respect to:

- online versus face-to-face service provision;
- a fixed price for the given legal service versus a customised service at a variable price; and
- specialisation in the legal matter concerned.

However, being approachable was preferred over efficiency and speed by most consumers, with some segments valuing this attribute very highly.

Importantly, each of the segments identified during this phase had no significant differences in terms of their demographics, behavioural responses, or psychographics. This observation provides further evidence of the limitations of relying on demographic variables as a basis for market segmentation, as highlighted in Phase 1 of the research.

The study also found that service preferences do not differ substantially between specific legal issues. However, when looking more broadly, we found that there were some minor differences between consumers' service preferences depending on whether the legal work was transactional (conveyancing and commercial property) or more contentious and non-transactional (employment and housing). For instance, among the consumer segments needing legal help with transactional issues, most favour online provision over face-to-face. For more contentious legal issues, the opposite is generally true.

Overall, there is no one-size-fits-all ideal service provider. This means that we cannot assume that everyone facing a similar legal issue will prefer a certain method of service delivery, pricing model, or speed of service. Therefore, different legal service offerings are needed to encourage engagement from a range of consumers, and service providers can then tailor their provision to their clients' personal needs and preferences, where possible.

#### **Phase 4 summary**

Phase 4 provided an in-depth examination of individual consumers' understanding of, attitudes toward, and barriers to accessing legal services. It used a quasi-experimental design with more than 1,000 respondents and focused on socioeconomic status (SES) and

ethnicity. These characteristics are not useful for segmenting consumers in terms of their preferences for different service attributes when choosing and using a particular service provider. However, we focused on these because prior research indicates that these low-SES and ethnic minority consumers are particularly vulnerable to having unmet legal needs.

The key findings were as follows:

- SES predicted attitudes, beliefs, and behaviours better than ethnicity did;
- low-SES respondents were less likely (i) to recognise their own legal issues and (ii) to feel legally empowered to address those legal issues; and
- low-SES respondents showed a substantial gap between their need for and use of legal services and, as a result, appear to experience more unmet legal needs than high-SES respondents.

### **Phase 5 summary**

Phase 5 tested two potential policy interventions designed to (i) improve low-SES individuals' recognition of legal matters and (ii) enhance their feeling of legal empowerment. This phase consisted of a randomised experiment with more than 800 low-SES respondents. We focused on low-SES individuals because we found in Phase 4 that respondents in this group were particularly vulnerable to unmet legal needs and other negative law-related perceptions and outcomes, such as having lower trust in the legal system and higher anxiety about legal matters.

The first intervention was aimed at educating respondents about what 'legal matters' are and how to recognise them. The second intervention informed respondents about how and where to find legal information and get legal help.

Both interventions, which may be very scalable and easy to implement, were effective. They led to:

- increased recognition of legal matters (what issues legal service providers can help with);
- reduced barriers to accessing legal services (how to search, find, and pay for that help); and
- increased intentions to use legal services.

### **Conclusions**

Our research found that:

- The way in which the service is provided and, to some extent, the broad type of legal issue (transactional vs. non-transactional) matter more than demographics in affecting consumers' propensity to access legal services.
- There are different consumer segments that vary meaningfully in:
  - how important they consider different attributes of the service (some place similar importance on all service attributes, others prioritise some attributes over others);
  - their preference for the type of service attribute (within price model for example, some value the transparency of a fixed price given at the start over a price estimate for a service tailored to their needs).
- When deciding to use a legal service provider, most consumers value providers that are:
  - very approachable;
  - communicate effectively;
  - have experience in the relevant specialism; and
  - offer regular updates.
- There is no one-size-fits-all ideal service provider in terms of:
  - online (mostly preferred for transactional issues) vs. face-to-face provision (mostly preferred for non-transactional issues), and
  - price model (for some non-transactional issues, service customisation is valued more than a fixed price).

These results highlight discrepancies between the views of providers and consumers on aspects of service provision.

Consistent with prior research, barriers to access in the legal services market are more likely to affect vulnerable consumers. Additionally, we found that:

- vulnerability is much more strongly correlated with SES than ethnicity
- low-SES consumers are particularly likely to have their legal needs unmet due to lower recognition of legal issues and feeling legally powerless
- both legal recognition and legal empowerment can be enhanced through easy-to-implement, scalable training interventions.

Our research identified consumer segments that have different preferences for combinations of attributes. Improving service delivery, communication styles, and information about legal services to suit a wider variety of consumer preferences could increase access to legal services.

In addition, interventions to support access to justice should aim to boost consumer confidence in the legal system and reduce barriers to access by explaining what help can be provided, and/or how to find it, and ways to pay for it.



## **1. Introduction**

This research was commissioned by the Solicitors Regulation Authority (SRA), with the following research objectives:

- (i) integrate existing research on the legal services market focusing on consumer segmentation;
- (ii) determine consumer types by finding reliable differences between groups;
- (iii) better understand the information and support these different consumer types need; and
- (iv) identify the barriers that different types of consumers face in their legal journey.

The SRA further specified that, building on findings from other studies, the research should focus both on individual consumers and small business owners in England and Wales. These consumers are less likely to access the legal services they need and are more likely to experience a power imbalance due to their lack of legal experience and expertise. We ensured Welsh respondents were proportionally included in each study phase. The research team consisted of consumer behaviour researchers at Bayes Business School (formerly Cass), City University of London.

This research consists of five phases, with each phase building on the findings of the previous phase.

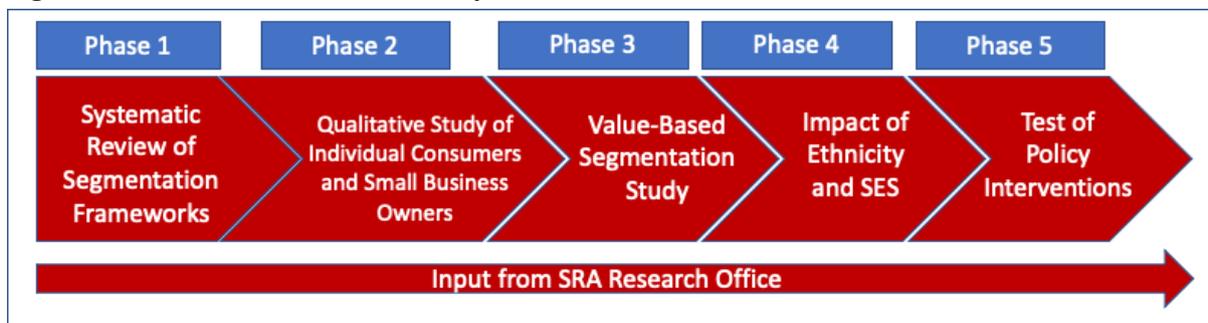
- 1.** Phase 1, based on extensive desk research, provides a comprehensive examination and systematisation of existing frameworks used to segment the supply and demand of legal services in England and Wales. This phase addresses research objective (i) by reviewing prior studies that have classified consumer types by area of law, nature of the consumer (that is, individual consumers and small businesses), and attributes of the service delivery (such as online versus face-to-face). This phase also addresses research objective (ii) by reviewing prior studies that have scoped the level of service provision by area of law, geographical location, etc.
- 2.** Guided by the findings of Phase 1, Phase 2 consists of a qualitative study to assess individual consumers' and small business owners' legal needs and experiences in the legal customer journey. This phase addresses research objective (ii) by interviewing individual consumers and small business owners in different geographical locations in England and Wales, with different legal matters and various forms of service delivery, and with differing experiences of the legal journey.
- 3.** Phase 3 implements a novel value-based approach for the identification of market segments, building on and extending existing segmentation frameworks.

This approach aims to classify consumers based on their attitudes, preferences, and behavioural tendencies towards legal services. This phase addresses research objectives (i) and (iii) by examining which service attributes are most valued by individual consumers and small business owners in relation to varying legal issues.

4. Phase 4 provides an in-depth examination of ethnic minorities' and low-SES individuals' understanding of, attitudes toward, and barriers to accessing legal services. This phase addresses research objectives (iii) and (iv) by improving our understanding of the legal needs and legal journeys of these groups of vulnerable consumers.
5. Phase 5 tests potential policy interventions designed to improve the way low-SES individuals in England and Wales perceive their legal needs and access the legal services they require. This phase addresses research objective (iv) by not only confirming the barriers to access identified in Phase 4, but also developing and testing two interventions that significantly lowered those barriers to legal justice for this vulnerable consumer group.

This report summarises the findings of each of the five phases of the research. Each section includes references to the detailed research reports corresponding to each phase (Scopelliti and Estes, 2023a; 2023b; 2023c; 2023d; 2023e).

**Figure 1. Overview of the research process**



## 2. Phase 1: Systematic review of segmentation frameworks

### 2.1 Purpose and methods

Prior research has revealed many insights about the market for legal services in England and Wales. It has identified important frameworks for segmenting consumer groups as well as specific factors that differentiate consumer segments and legal services. However, this wealth of high-quality research has not been brought together to provide an overview of this knowledge or the areas in need of further research. The lack of synthesis of these frameworks for grouping various types of consumers has resulted in limited knowledge on

how to design tailored service offerings to accommodate the varying needs of different consumers.

This phase of the research project provides a systematic review and analysis of 129 academic papers and practitioner reports examining the legal services market. It specifically focuses on the segmentation of individual consumers and small businesses in England and Wales. For the complete report see Scopelliti and Estes (2023a).

## **2.2 Key findings**

### **2.2.1 Further research using psychographic or behavioural segmentation is needed**

Existing frameworks to analyse the demand for legal services have used the following four broad categories of variables to group and differentiate consumers:

- (i) characteristics of the legal issue, such as its severity or complexity;
- (ii) demographic variables, such as age or household income;
- (iii) psychographic variables, such as legal knowledge and attitudes toward legal professionals; and
- (iv) behavioural variables, such as legal experience and search strategies.

Most prior research segmented the legal services market on the basis of characteristics of the legal issue and/or the demographic attributes of consumers, perhaps due to their relative availability or the ease of data collection. Such approaches, however, provide limited accuracy in predicting consumer behaviour.

By contrast, segmenting on the basis of consumers' psychographic (for instance, their level of legal capability) or behavioural variables (for instance, their propensity to shop around) is more specific. These variables tend to more accurately predict differences in consumers' legal attitudes and behaviours (Moore, 1980; Sandy, Gosling and Durant, 2013; Yankelovich and Meer, 2006). Yet, such psychographic and behavioural variables have been studied less; they are featured or mentioned in only 23 and 21 of the studies, respectively, of the 129 reports that we reviewed. Perhaps this is because they are less commonly available in public or corporate databases and are more challenging and costly to obtain. Because of their

superior accuracy in predicting reliable differences among consumers, we think there is a need for further segmentation studies using these variables.

### **2.2.2 Legal service providers hold different perceptions and beliefs than consumers**

The literature showed that there are several discrepancies between the views and beliefs of providers and consumers of legal services. For example:

- Many legal service providers worry that price transparency is too confusing, whereas consumers appear to value transparency.
- Legal service providers generally believe that they are providing higher quality services and greater value for money than consumers believe them to be providing.
- Many legal service providers believe that their communications are clear and effective, but many consumers disagree. For example, consumers perceive legal terminology as intimidating, particularly when providers do not offer opportunities for clarification.
- Consumers value highly empathetic responses from legal professionals. Legal service providers tend to believe that they understand their clients' situations and needs, whereas many clients themselves perceive a lack of understanding and empathy on the part of legal service providers.

Addressing or resolving these different perceptions and beliefs could improve satisfaction among providers and consumers of legal services. For more detail, see Scopelliti and Estes (2023a).

### **2.2.3 Common barriers to accessing legal services**

Previous studies have identified several psychological factors that may act as barriers to accessing legal services. An important barrier is a lack of knowledge on the part of consumers; understandably, consumers have only a limited understanding of the legal process. They experience difficulties understanding the differences between various types of legal professionals, and many consumers are also unaware of the differences between regulated and unregulated legal service providers (Competition and Markets Authority, 2016; Harvey and Williams, 2016; Matos, 2018; Solicitors Regulation Authority, 2017; University of Leicester, 2011). This lack of knowledge is often associated with a lack of legal confidence (Ipsos Mori, 2016; Legal Services Board, 2020).

Consumers' negative perceptions of the legal process are another important barrier. For example, some consumers perceive legal service providers as lacking empathy, unapproachable, and lacking clarity and transparency with respect to cost. This can result in reduced levels of trust.

Furthermore, legal services are perceived as necessary only for the most severe and complex cases, partly due to a fear of damaging personal relationships by taking legal action. Only one quarter of a nationally representative sample believes that legal services are easily accessible (YouGov, 2019). However, they also believe legal advice is very costly and potentially unaffordable (Hodge Jones & Allen, 2015; LexisNexis, 2016; Matos, 2018; YouGov, 2020).

Other barriers arise from the limited supply of legal services, including:

- the existence of 'legal deserts' (such as areas of law or physical locations with limited service provision); and
- digital exclusion (such as consumers with little or no access to the internet are increasingly excluded from legal services).

For more detail, see section 5 of Scopelliti and Estes (2023a).

#### **2.2.4 Regulation is considered important, but it has limited impact on consumer decision making**

Consumers desire protection through regulation of legal services, yet they are unaware of existing regulations and tend not to consider regulatory protection when accessing legal services or choosing providers. For more detail, see section 6 of Scopelliti and Estes (2023a).

### **3. Phase 2: Qualitative study of individual consumers and small business owners**

#### **3.1 Purpose and methods**

The objective of this phase of the research was to understand, in detail, the legal journey of individual consumers and small business owners in England and Wales. More specifically, this study examined:

- the needs and experiences of different legal consumers;
- their decision-making process when perceiving a legal need;
- the attributes they consider when choosing a legal service provider; and

- the barriers limiting their access to legal services.

We conducted in-depth, semi-structured interviews with 22 individual consumers and 13 small business owners, who varied substantially on the following attributes:

- (i) the legal issue experienced (for example, conveyancing and employment);
- (ii) whether they used legal services (28 users) or not (7 non-users);
- (iii) the difficulty they encountered when seeking legal services;
- (iv) their prior experience with legal services (such as first-time users or experienced users); and
- (v) their geographic location (England or Wales).

The qualitative data collected through the interviews were analysed with the aims to:

- (i) map the process of using legal services; and
- (ii) identify the main attributes motivating the choice of legal service providers, satisfaction with those services, and barriers to accessing them.

This phase was intended to shape subsequent phases. It confirms previous consumer research while providing further insight into the less researched legal journey of small business owners.

For the complete report see Scopelliti and Estes (2023b).

## **3.2 Key findings**

### **3.2.1 Most users and non-users of legal services felt vulnerable**

Consumers, especially first-time users of legal support, experience a sense of vulnerability after identifying any legal need. This appears to be caused by a general lack of knowledge of the legal process and of legal service providers. Consumers are likely to gather information from various sources at first to minimise the sense of uncertainty. This information then impacts consumers' decisions about whether and how to use formal legal support.

### **3.2.2 The decision of whether to seek legal services appears to be based at least partially on perceived risk**

For problems with low perceived risk – that is, legal matters that would have little or no negative consequence if left unresolved – consumers tend to either:

- leave them unresolved;
- resolve them themselves; or
- follow informal advice to solve the problem (e.g., not involving legal service providers but perhaps seeking advice from friends)

For high-risk problems – that is, legal matters that would have important negative consequences if left unresolved – consumers are more likely to seek formal legal advice.

### **3.2.3 Good communication is critical for customer satisfaction**

Among the emerging themes from the interviews, factors relating to communication appear to be the most prevalent and important. These factors include approachability, emotional support (provided by legal service providers relating to consumers on a personal level, and by conveying that they are listening to their situation and intend to support them), responsiveness, transparency, and engagement methods. These factors were deemed relevant in the choice of a legal service provider as well as being important factors influencing customer satisfaction with the provider.

Providing upfront information about the process, the timeline, and the cost reduces consumers' perceived risks and uncertainty, and increases the service provider's likelihood of being chosen. Some aspects of vulnerability, especially mental distress, can be effectively dealt with through good communication before and during the service experience.

Respondents expressed a preference for transparent information on the provider's website and/or in the initial conversation when choosing among legal service providers.

A lack of *cost transparency* during information gathering (before contacting service providers) can also deter consumers from engaging with legal services. A transparent timeline and keeping consumers updated throughout the process are two of the most important factors for satisfaction. *Consistent* responsiveness is necessary to build trust and reassure consumers.

A provider's willingness to answer basic questions and explain things in lay terms throughout the legal process are indicators of approachability. This ultimately improves the consumer's satisfaction with the service provision. Conversely, unapproachable providers

lead some consumers to attempt to resolve the legal issue themselves or even leave the matter unresolved.

Consumers prefer legal service providers who provide emotional support by connecting with them on a personal level and by conveying their willingness to listen and support them. Feeling understood and supported through on-going communication also improves consumers' satisfaction.

### **3.2.4 Factors influencing individual consumers' decisions of whether and from whom to seek legal support, and their satisfaction with the service**

For individual consumers, the following factors are important for legal engagement:

- communication style and content (see section 3.2.2), with preference for approachable, responsive, and emotionally supportive providers who clearly explain the process and the costs;
- perception of legal services and of the specific case, with greater legal engagement when legal services are perceived as fair and affordable and when the case is perceived as manageable and not overly complex;
- other features of the service provider, such as having a legal specialisation that is relevant to the given legal matter, having positive performance indicators such as good online reviews, and being regulated.

Barriers that deter or prevent legal engagement include high costs, lack of cost transparency, concerns about damaging personal relationships in cases of contentious legal matters, and the time and energy required to pursue legal services. Notably, finding the lowest possible cost is not a priority for all consumers.

Individuals who use legal services for the first time tend to choose potential providers based on an internet search and/or a recommendation from colleagues, other service providers, government bodies, or a close social circle. Consumers who had a satisfying experience with a particular provider prefer to consult that same provider for future advice, regardless of the provider's area of specialisation and the current legal issue.

### **3.2.5 Factors influencing small business owners' decisions of whether and from whom to seek legal support, and their satisfaction with the service**

For small business owners, the following factors are important for legal engagement:

- the ability to find and engage a legal service provider quickly and easily, with the provider's responsiveness, availability, and provision of a clear timeline being especially important;

- communication that is tailored to the specific needs of the business;
- the provider having a legal specialism in the given legal matter;
- performance indicators such as positive online reviews, high success rates, and a long history of legal experience.

Barriers that deter or prevent small business owners from engaging in legal services include the difficulty of selecting a legal service provider, cost and cash flow disruption, and concerns about damaging client relationships. When deciding whether to engage a legal service provider, small business owners often weigh those costs against the risk of addressing the legal matter themselves or leaving it unresolved.

Addressing the matter themselves may save money but cost time; depending on the complexity and severity of the case, leaving the matter unresolved may ultimately incur a lower cost than engaging legal services.

Small business owners seek high-quality service at a fair price. Once a decision to engage legal services has been made, most small business owners tend to choose legal service providers based on recommendations from within their professional network.

#### **4. Phase 3: Value-based segmentation**

##### **4.1 Purpose and methods**

Market segmentation is the practice of dividing a market into distinct groups of customers with different needs, characteristics, or behaviours. The different groups may require different service configurations and may respond differently to the attributes and benefits provided by the service (Kotler and Armstrong, 2013).

##### **4.1.1 Purpose**

This study provides the first value-based segmentation of the legal market conducted in England and Wales. This segmentation is 'value-based' in that it segments consumers on the basis of how much they value various attributes of the legal service. For instance, some consumers value a provider who is approachable over a service that has a fixed price, whereas others prefer the opposite. And critically, different legal service offerings may be needed to meet the needs of those two segments. By revealing the attributes that different consumer segments value, we gain insights into what legal service offerings may most effectively increase the uptake of legal services and hence reduce the incidence of unmet legal needs.

This study addresses the following questions:

- What importance do consumers attribute to different elements of the legal service provision when choosing between legal service providers?
- What are the characteristics of their ideal legal service providers?
- Do different groups of consumers prefer different types of legal services provision (such as in terms of pricing strategy, methods of contact, level of specialisation, etc.)?

#### **4.1.2 Legal issues examined**

This phase of the research involved the collection of structured data from 2,538 individual consumers and small business owners. The research simulated the choice of a legal service provider that could assist respondents with a legal issue they imagined facing. We focused on:

- residential conveyancing, housing, and employment for individual consumers; and
- commercial property and employment for small business owners.

These specific legal issues were selected to have varying frequency of occurrence and potential consequences in consumers' lives, as well as being areas which consumers could readily identify with.

Residential conveyancing and commercial property were selected to represent relatively common legal issues within transactional areas of law. Employment and housing were selected as representative of highly consequential and contentious legal issues within non-transactional areas of law.

Although less commonly experienced than conveyancing, these two areas of law are particularly relevant to the current market. This is due to an expected rise in the frequency of these issues following the COVID-19 pandemic (for instance due to the economic circumstances and the return of the notice period for Section 21 evictions to two months after the extensions granted during the pandemic).

The scenarios presented to small business owners also emphasised how the legal issue, if unaddressed, would pose some risk for their business activity. This addition was motivated by one of the results that emerged from Phase 2, which revealed that for small business owners, the decision to use a legal service provider is influenced by the perceived risk of leaving the matter unaddressed.

### 4.1.3 Service attributes examined

The respondents, all of whom had experienced a legal issue in the previous four years, evaluated a large set of hypothetical providers. The providers were presented to them as a combination of the five service attributes listed below. These attributes were defined based on the results of Phase 2 and in consultation with the SRA. There were two variations of each attribute (a) or (b), and each provider had a unique combination of one variation of each attribute:

- **product**-related attributes: whether
  - (a) the legal service provider explains the legal process and jargon well and is approachable, so the client is clear about what is happening, but the case takes a little longer, or
  - (b) the case will move quite quickly, but the legal service provider does not explain the legal process and jargon well, and is not approachable, so the client is uncertain about what is happening;
- **place**-related attributes: whether the service will be provided mainly
  - (a) online or
  - (b) in person;
- **price model**-related attributes: whether
  - (a) the client has a fixed price communicated at the beginning, paired with a one-size-fits-all approach to the service provision, or
  - (b) the client has an estimate of the costs which may change as the service is tailored to their precise needs;
- **people**-related attributes: whether
  - (a) the legal service provider is specialised in the type of legal issue at hand, or
  - (b) they offer services in several areas of law;
- **process**-related attributes: whether the legal service provider offers updates
  - (a) upon request or
  - (b) on a regular basis.

### 4.1.4 Service configurations

Figure 2 presents an example of the hypothetical legal service provider descriptions used in the individual consumer survey. Note that since each participant had to rate a set of hypothetical providers sufficiently for the analysis to be meaningful, we had to restrict the number of attributes to five for individual consumers.

**Figure 2. Example of legal services description presented to individual consumers**

**Provider 1**

Product	Your case will move quite quickly, but they do not explain the legal process and jargon well, and are not approachable, so you are uncertain about what is happening.
Place	The service will be provided mainly online (emails/video calls/telephone).
Price Model	You have an estimate of the costs for your legal work which may change as the service is tailored to your precise needs.
People	They offer services in several areas of law rather than specialising in this type of legal work.
Process	They offer updates on the case progress only upon request.

Since there were fewer respondents who were small business owners, we had to exclude one of these five attributes because each respondent would complete the rating task for both legal issues, and each additional attribute would have doubled the expected length of the task. After discussion with the SRA and in the light of recent work on price transparency (Europe Economics and YouGov, 2018; Solicitors Regulation Authority, 2017), we opted not to include price models in the list of attributes presented to small business owners.

While by no means exhaustive, these final sets of attributes of a legal service were:

- representative of important aspects of the services marketing mix (Booms and Bitner, 1981) to provide a realistic and comprehensive description for respondents to form meaningful evaluations;
- supported by the results of the qualitative interviews conducted in Phase 2; and
- characterised by a meaningful degree of actionability on behalf of the service provider. For example, the provider can decide how responsive to be and which engagement methods to offer.

Furthermore, when defining how each attribute would vary (ie the attribute levels), we made sure to take into account the feasibility of the different service provider descriptions. As a result, the selected attribute levels considered the trade-offs between different elements of the service provision. For example, offering a fixed price for the service

provided may reduce the extent to which it is economically feasible to tailor the service to the client's needs.

Similarly, involving the client in the process and explaining every step, as well as the legal jargon, may result in the case taking longer to be completed.

#### **4.1.5 Statistical analyses**

Respondents' evaluations of these potential legal service providers were analysed using a conjoint analysis, which allowed us to determine which attributes were considered more or less important. These relative importance measures were then used as the basis for the classification of consumers into homogeneous segments through a cluster analysis. For each segment, we then identified the ideal legal service provider. For the complete report see Scopelliti and Estes (2023a).

### **4.2 Results for each service attribute**

In the next sections, we present an overview of the segmentation results, first by examining consumer preferences for each of the service attributes and then by examining differences in these preferences within each legal issue.

The main results of the analysis revealed that overall there is no one-size-fits-all ideal service provider; but different segments have distinct preferences for the service attributes considered in the study.

For each legal issue, we did observe that some consumers consider specific attributes as more important than others when choosing a legal service provider. Within each attribute, different segments prefer different features (for instance online versus face-to-face provision). However, these meaningful differences in consumer preferences were not significant in terms of demographics across segments. This observation provides further evidence of the limitations of relying on demographics and psychographic variables as a basis for market segmentation, as highlighted in Phase 1 of the research.

#### **4.2.1 Product**

This attribute was generally deemed most important both by individual consumers and small businesses.

- Most individual consumers and small business owners with non-transactional, more contentious issues, such as employment, prefer service providers that put a greater emphasis on explaining the process and the jargon to the client over services favouring speed and efficiency.
- Small business owners with transactional issues (commercial property) have the opposite preference.

- Within each legal issue, for at least one segment, this attribute was the most important factor in influencing the decision to use a legal service provider.
- These results align with the qualitative study findings, indicating that factors relating to the approachability and responsiveness of the provider are important determinants of consumer choice and satisfaction.

#### **4.2.2 Place**

This attribute is seldom the most important one in determining the decision to use a legal service provider.

- However, when considering how the service is delivered, most consumers with conveyancing, housing, and commercial property legal issues prefer providers that offer their services online.
- The majority of consumers facing employment legal issues (both individual consumers and small business owners) prefer providers that offer their services face to face.

#### **4.2.3 Price model**

This attribute, which looked at how price is conveyed rather than the actual cost of the service, was rarely the most important in determining the decision to use a legal service provider.

- Consumers tend to prefer providers who offer a fixed price communicated at the beginning in terms of a one-size-fits-all approach.
- However, this preference was less pronounced for housing and employment, for which some segments slightly prefer the service to be tailored to their specific needs at a variable price.

#### **4.2.4 People**

Most consumers prefer specialised to generalist legal service providers.

#### **4.2.5 Process**

Most consumers prefer regular to on-demand updates.

### 4.3 Results for each legal issue

Below, we present the results of each legal matter separately and in greater detail. For individual consumers, the factors driving the decision to use a legal service provider differ more across different groups of consumers within the same legal matter than across legal matters. Service preferences do not differ substantially across legal issues. For instance, across the three areas of law, approximately one third of individual consumers deem 'product' important, approximately one fifth find the price model important, and under a fifth each find 'place', 'people', and 'process' important. However, as set out in section 4.3.1, within each area of law there are clear differences in consumer preferences for the different service attributes.

When we look more broadly across legal issues, some minor differences in segments' preferences can be observed between transactional (conveyancing, commercial property) and non-transactional issues (employment, housing). For example, in the case of the former but not the latter, online provision is always favoured over face-to-face provision. Or within transactional legal issues, there is always one segment that deems all service attributes similarly important, and one valuing approachability more than any other service attribute.

#### 4.3.1 Conveyancing (individual consumers)

Four distinct segments emerged from the analysis of **individual consumers** choosing between legal service providers for a **conveyancing** issue:

- Segment C1: Characterised by a **balanced** importance of the various service attributes, and distinct because of their preference for **face-to-face** service provision.
- Segment C2: Distinct for the high importance ascribed to place (online or face-to-face) over other attributes, accompanied by high preference for **online** over face-to-face.
- Segment C3: Distinct for the high importance ascribed to price model (fixed price or estimate communicated at the start), strongly prefers **fixed and transparent pricing** and online service provision.
- Segment C4: Characterised by a strong prioritisation of product (approachability or speed). For this segment, it is crucial that the service provision has high **approachability**.

#### 4.3.2 Housing (individual consumers)

Two distinct segments emerged from the analysis of **individual consumers** choosing between legal service providers for a **housing** issue:

- Segment H1: Characterised by a **balanced** importance of the various service attributes, this segment values some approachability but also the transparency of fixed pricing and is satisfied with online service provision.
- Segment H2: Strongly prioritises the product (approachability or speed) attribute when choosing a provider. This segment regards it as crucial that the provider offers **approachability**.

#### 4.3.3 Employment (individual consumers)

Three distinct segments emerged from the analysis of **individual consumers** choosing between legal service providers for an **employment** issue:

- Segment E1: Regards the price model (fixed price or estimate communicated at the start) and place (online or face-to-face) attributes as more important than the other two segments. Strongly values the transparency of **fixed pricing**, and the possibility of receiving the service **online**.
- Segment E2: Considers the people attribute (specialised or generalised) as more important than the other two segments, followed by the product (approachability or speed). **Specialisation** and approachability characterise this segment's ideal service configuration.
- Segment E3: Strongly prioritises the product attribute (approachability or speed). This segment ascribes higher value to **approachability** and explanations than to the speed of the case progression.

#### 4.3.4 Commercial property (small business owners)

Two distinct segments emerged from the analysis of **small business owners** choosing between legal service providers for a **commercial property** issue:

- Segment CP1: Characterised by a **balanced** importance of the service attributes. Specialisation, the provision of online services, and regular updates characterise this segment's ideal service provider.
- Segment CP2: Attaches more weight to the people (specialised or generalised) and process (updates regularly or on request) attributes. This segment's ideal service

providers offer **speed** over approachability, **online** service provision, specialisation, and regular updates.

#### 4.3.5 Employment (small business owners)

Three distinct segments emerged from the analysis of **small business owners** choosing between legal service providers for an **employment** issue:

- Segment E1-SB: Prioritises the people attribute (specialised or generalised) and attaches a very high value to **specialisation** and approachability when evaluating a legal service provider.
- Segment E2-SB: Product (approachability or speed) is the most important attribute, and **approachability** is valued strongly by this segment.
- Segment E3-SB: More **balanced** in terms of the relative importance of the service attributes. While this segment prioritises the product, the other three attributes are also important.

#### 4.4 Conclusion – Phase 3

These results provide a series of insights that could inform a consumer-focused improvement in the ways legal services are configured and ultimately enhance the likelihood that specific market segments will access legal services. This improvement can be achieved by either:

- strengthening the offer of legal services with respect to the attributes that the analysis revealed to be more predictive of consumers' choice between providers, or
- designing new legal services configurations featuring the levels of those attributes that enhance the perceived value of the service.

For example, making the process and cost clearer and communicating in a way that is jargon-free so that the consumer can understand the process would strengthen a legal service providers' offer. Emphasising and communicating in a way that is perceived as approachable may be an effective strategy to meet the needs of consumers across a variety of legal services. Similar considerations apply to the attribute of specialisation: reminding consumers that legal service providers have the skills required even if the firm is positioned as a generalist. This could be done alongside reminders of specialised qualifications and that providers keep their skills and knowledge updated.

## 5. Phase 4: Impact of ethnicity and SES on access to justice

### 5.1 Purpose and methods

Phase 4 involved a large, targeted investigation of how ethnicity and SES relate to law-specific experiences, attitudes, and behaviours (eg prior experience of legal issues and use of legal services). This was to identify consumers who are vulnerable to unmet legal needs. This research also provides a preliminary view of specific factors that may underlie the incidence and persistence of legal vulnerabilities. It achieved this by examining a broad range of both general and law-specific attitudes and beliefs (eg self-efficacy and legal empowerment).

We conducted an online survey with a 2 (ethnicity: ethnic minority, White majority) × 2 (SES: low SES, high SES) quasi-experimental design, with 1,009 residents of England and Wales divided into four groups:

- low-SES ethnic minority
- high-SES ethnic minority
- low-SES White
- high-SES White.

We sampled for SES initially on the basis of income, leaving an income gap between the low (annual household income less than £30,000) and high groups (annual household income of £40,000 or more). Then we empirically validated income as a proxy for SES by also measuring several other components of SES, such as education, occupation, and home ownership.

Respondents completed an extensive series of:

- twenty demographic measures (eg education, income, family and housing conditions, and access to a private vehicle);
- nine general attitudinal measures (eg risk aversion, patience, interpersonal trust, and self-efficacy); and
- sixteen law-specific attitudes and behaviours (eg legal empowerment, legal anxiety, trust in the legal system, and prior use of legal services).

For the complete report see Scopelliti and Estes (2023d).

## **5.2 Key findings**

### **5.2.1 Demographics**

Across the demographic measures, many more differences were observed between low and high SES than between ethnic minority and White respondents. This suggests that, among this sample at least, SES more strongly affected respondents' life circumstances (such as home ownership and being a victim of crime) than ethnicity did.

Low-SES individuals were found throughout the value-based segments from Phase 3 of this research and did not come together around any particular segments. This supports the conclusion that taking a traditional approach to segmentation is sub-optimal.

### **5.2.2 General attitudes and behaviours**

The effect of SES was significant in seven of the nine general attitudes and behaviours that were tested. Relative to high-SES respondents, low-SES respondents were significantly:

- more risk averse;
- more likely to report a preference for instant payment (ie take a sum of money offered immediately rather than waiting for a different amount);
- less trusting of the legal system in England and Wales;
- less likely to believe in a just world;
- lower in self-efficacy (ie the belief in one's capabilities);
- lower in growth mindset (ie the belief that one's circumstances can improve); and
- lower in their desire for control.

### **5.2.3 Law-specific attitudes and behaviours**

Law-specific attitudes and behaviours were more strongly associated with SES than with ethnicity.

Relative to high-SES respondents, low-SES respondents were significantly:

- less likely to recognise legal needs;
- less likely to seek legal help;
- more likely to value face-to-face meetings;
- less likely to value a provider who specialises in the legal issue concerned;
- more worried about (i) not understanding the legal process and (ii) the service being too expensive; and
- less concerned about the regulatory status of a legal service provider.

In addition, low-SES respondents displayed:

- lower levels of legal empowerment;
- lower levels of legal capability;
- higher levels of legal anxiety; and
- less trust in the legal system in England and Wales.

Low- and high-SES respondents also shared some important commonalities, including the following:

- When searching for a legal service provider, the most common strategy was to search online.
- The most important attributes of a legal service were that the provider be approachable and responsive and explain the legal process clearly.

#### **5.2.4 General conclusions – Phase 4**

These results support four general conclusions:

1. When predicting which consumers are likely to be legally vulnerable, SES appears to have a stronger correlation to vulnerability than ethnicity.
2. Communication is paramount to overcoming consumers' worries about affordability: Legal service providers who explain the legal process clearly, who are responsive to consumers' queries, and who emphasise their legal specialisation may be most effective at encouraging legal service use.
3. Interventions to mitigate legal vulnerability should target law-specific attitudes and beliefs (eg trust in the legal system and legal anxiety) rather than general attitudes and beliefs (eg interpersonal trust, patience, and desire for control).
4. Empowering low-SES consumers through education about the legal system and boosting confidence in using it may effectively increase the uptake of legal services and mitigate the occurrence of unmet legal needs.

## **6. Phase 5: Test of policy interventions**

### **6.1 Purpose and methods**

Relative to high-SES consumers, low-SES consumers are less likely to report experiencing legal matters, but are even less likely to use legal services to resolve those legal matters

(Scopelliti and Estes, 2023c). So, although low-SES individuals report fewer legal needs, their legal needs nevertheless appear more likely to remain unmet than those of high-SES individuals.

To reduce this gap between experiencing legal matters and using legal services, we conducted a randomised experiment testing the effectiveness of two actionable interventions on a sample of 812 low-SES consumers living in England and Wales. These interventions were designed to target two important potential factors underlying the heightened vulnerability of low-SES consumers: legal education and legal empowerment. The interventions aimed to:

1. enhance consumers' ability to recognise their legal needs (legal education), and
2. increase their likelihood of using legal services to address those legal matters (legal empowerment).

The legal education intervention consisted primarily of educating respondents about what 'legal matters' are and how to recognise them. The legal empowerment intervention consisted primarily of informing respondents about how and where to find legal information and get legal help; for instance, different sources of legal information, search strategies, regulatory agencies, complaints processes, opportunities for free legal help, and ways to pay for legal services. We measured the effectiveness of these interventions on respondents' ability to recognise legal matters and on their beliefs and attitudes toward the legal process.

The respondents were randomly split into the following three groups:

- Group 1 – received the legal education and legal empowerment interventions before being tested on legal recognition and measured on beliefs and attitudes toward the legal process.
- Group 2 – received the legal education intervention before being tested on legal recognition, but completed the measures of beliefs and attitudes toward the legal process before receiving the legal empowerment intervention.
- Group 3 – completed the test and measures before seeing either intervention.

For the complete report see Scopelliti and Estes (2023e).

## **6.2 Key findings**

Both interventions produced favourable outcomes and only took five minutes each to administer to consumers. They consisted of simple content, such as images and text, presented on a computer screen.

### **6.2.1 Legal matter recognition**

To measure legal matter recognition, respondents were shown 20 scenarios (10 that were legal matters and 10 that were not) and asked to determine whether or not each was a legal matter.

The legal education intervention successfully increased respondents' correct recognition of legal matters. However, it also increased false alarms (ie incorrectly judging a non-legal matter to be a legal matter). Thus, the legal education intervention generally increased respondents' tendency to judge *any* scenario to be a legal matter, regardless of whether it truly was a legal matter or not.

Before and after the intervention, respondents were asked whether they themselves had experienced a legal matter in the past four years and, if so, to identify it from a list of 14 types of legal matters (eg conveyancing, family). The legal education intervention successfully increased the recognition of one's own legal matters experienced by 4.3 percentage points. That is, 60.4% of the respondents initially reported experiencing a legal matter, but after the legal education intervention, 64.7% reported experiencing a legal matter. The control group, by contrast, remained very consistent across the two measurements (i.e., 68.6% and 69.0%). Therefore, educating people about how to recognise a legal matter increased their recognition of legal matters that they had experienced.

In summary, the legal education intervention successfully increased respondents' recognition of legal matters in general and in their own recent past.

### **6.2.2 Legal empowerment**

To assess the effects of the legal empowerment intervention, we collected several measures of respondents' beliefs about and attitudes toward the legal system and aspects of the legal process.

The results revealed that empowering consumers by informing them about how and where to find legal information and get legal help:

- increased substantially their likelihood of using legal services;
- reduced several barriers that deter consumers from taking legal action;
- increased the likelihood of using information sources such as price comparison websites and customer review websites, local law centres, and legal advocacy groups;
- increased respondents' belief that they could get free legal help if they needed it; and
- made them less anxious about the legal process, more involved in the process, and more confident in their ability to resolve legal matters.

Moreover, as was found in Phase 4, important barriers to access were the following worries:

- that taking legal action may not be worth the effort or money;
- that the process would take a long time; and
- that the legal service may be too expensive.

Importantly, the legal empowerment intervention significantly reduced all of these barriers. Specifically, the empowerment intervention significantly reduced the following worries:

- that the legal service provider would not have their best interests in mind;
- that they would receive unfair treatment;
- that the search for a provider would be difficult;
- that taking legal action would not be worth the effort;
- that the legal process would be too long, and
- that taking legal action would be too expensive.

### **6.2.3 General conclusions – Phase 5**

In summary, both interventions were successful. The legal education intervention improved respondents' recognition of legal matters, while the legal empowerment intervention reduced the barriers to accessing legal services and improved respondents' likelihood of seeking and using legal services. These interventions may be effective for improving low-SES consumers' access to justice.

## **7. Summary and conclusion**

The overarching aims of this research were to:

- determine consumer types with reliable differences between groups;
- better understand the information and support for the legal journey of these different consumer types; and
- identify the barriers for different types of consumer in their legal journey.

We targeted the above aims across five connected phases of research using different approaches and methodologies.

### **7.1 Key findings of each phase**

Phase 1 provided a detailed overview of what is currently known about the supply and demand of legal services in England and Wales and how consumers have been grouped by prior research. A key finding was that, although many prior studies have segmented on the basis of the specific legal matter or consumers' demographic variables, further research

using psychographic or behavioural segmentation is needed. Such segmentation studies are more likely to reveal novel insights and tend to predict real-world behaviours.

The review also identified several discrepancies between the perceptions and beliefs of legal service providers and those of consumers, which, if addressed, could improve satisfaction among both groups.

Phase 2 identified attributes motivating the choice of legal service providers and satisfaction with those services, as well as barriers that limit access to justice for both individual consumers and small business owners.

For individual consumers, the factors impacting the decision to seek legal support include:

- approachability and responsiveness;
- process and cost transparency;
- value for money;
- convenience;
- specialisation;
- channel through which the service is offered; and
- the provider's success rate.

The factors impacting the level of satisfaction during the service journey relate to approachability, responsiveness, and the channel through which the service is provided. Barriers that deter or prevent individuals from legal engagement include high costs, concerns about personal relationships, and the time and energy required to pursue legal services.

For small business owners, the factors impacting both the decision to seek legal support and the level of satisfaction during the service journey include trust, time requirements, relevant specialty, features of legal service providers, and communication. Barriers that deter or prevent small business owners from engaging in legal services include the difficulty of selecting a legal service provider, cost and cash flow disruption, and concerns about client relationships.

These phases informed our segmentation analysis of the legal market, conducted in Phase 3.

Phase 3 implemented a novel value-based approach to the identification of market segments for both individual consumers and small business owners. This approach classified consumers based on the importance of and preferences toward specific attributes of legal services to address different legal matters.

While overall the results revealed that there is no one-size-fits-all ideal service provider, they revealed what service factors different segments find important when choosing and

using legal services. Some segments consider all attributes as equally important; others weigh some service attributes much more than others.

Furthermore, segments differ in their ideal service providers with respect to online versus face-to-face service provision, a fixed price for the legal service provided versus a customised service at a variable price, and specialisation in the given legal matter. However, being approachable was preferred over efficiency and speed by most consumers, with some segments valuing this attribute very highly.

Importantly, these meaningful differences in consumer preferences across segments did not represent significant differences in terms of demographics, behavioural responses and psychographics. This observation provides further evidence of the limitations of relying on those variables as a basis for market segmentation, as highlighted in Phase 1 of the research.

Phase 4 provided an in-depth examination of ethnic minorities' and low-SES individuals' understanding of, attitudes toward, and barriers to accessing legal services. One key finding was that SES predicted attitudes, beliefs, and behaviours better than ethnicity did. Other key findings were that low-SES respondents were less likely (i) to recognise their own legal issues and (ii) to feel legally empowered to address those legal issues.

Phase 5 tested two potential policy interventions designed to (i) improve low-SES individuals' recognition of legal matters and (ii) enhance their feeling of legal empowerment. Both interventions, which are potentially scalable and easy to implement, were effective. They led to increased recognition of legal matters, reduced barriers to accessing legal services, and increased intentions to use legal services.

## **7.2 Key findings of the research overall**

Prior research mostly focused on demographics and areas of law to examine the behaviour of legal consumers, but key findings of this research are:

- The way in which the service is provided and, to some extent, the type of legal issue (transactional vs. non-transactional) matter more than demographics in affecting consumers' propensity to access legal services.
- There are different consumer types that vary meaningfully in i) how important they consider different elements of the service (some consumers considering all of them, others weighing more heavily price model or specialism for example) and ii) what type of service attributes they prefer.
- There is no one-size-fits-all ideal service provider in terms of online (mostly preferred for transactional issues) vs. face-to-face provision (mostly preferred for non-transactional issue), and price model (for some non-transactional issues service

customisation is valued more than a fixed price). However, service attributes valued by most consumers when deciding to use a legal service provider are:

- being approachable
- communicating effectively the relevant specialism, and
- offering regular updates.
- These results complemented the observation of discrepancies between the views of supply and demand on aspects related to attributes of the service provision such as transparency, value for money, perceived level of understanding of the client's needs, and clarity of the communications. These discrepancies may, in some cases, be addressed by suppliers through effective communication of their service offer.
- Barriers that reduce consumers' access to justice relate to consumers' lack of knowledge of and negative perceptions about the legal process and the time and energy it requires; the existence of 'legal deserts'; digital exclusion; cost-related concerns such as affordability, transparency, and value-for-money; and concerns about maintaining personal and client relationships.
- In line with prior research, these barriers are more likely to affect vulnerable consumers; however:
  - Vulnerability is much more strongly correlated with SES than ethnicity.
  - Low-SES consumers are particularly likely to have their legal needs unmet due to lower recognition of legal issues and feeling legally powerless.
  - Both legal recognition and legal empowerment can be enhanced by means of easy-to-implement, scalable training interventions.

Collectively, these five phases of research have revealed several novel insights into the legal services market in England and Wales. They have:

- pulled together existing research;
- provided an in-depth analysis of the ideal legal service provision sought by individual consumers and small business owners facing different types of legal issues;
- identified consumers (i.e., low-SES individuals) who are particularly legally vulnerable; and
- provided relatively simple training interventions that can increase the likelihood of low-SES individuals using legal services to address their unmet legal needs.

### **7.3 Possible future actions**

Strengthening legal service supply with respect to attributes that are more predictive of consumers' preferences could increase the likelihood of consumers accessing legal services. Barriers to accessing legal services can be reduced by explaining what issues legal service providers can help with, how to search for and find help, and ways to pay for that help.

Interventions to increase uptake of legal services should target law-specific attitudes and beliefs, thus boosting consumers' confidence in the legal system.

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