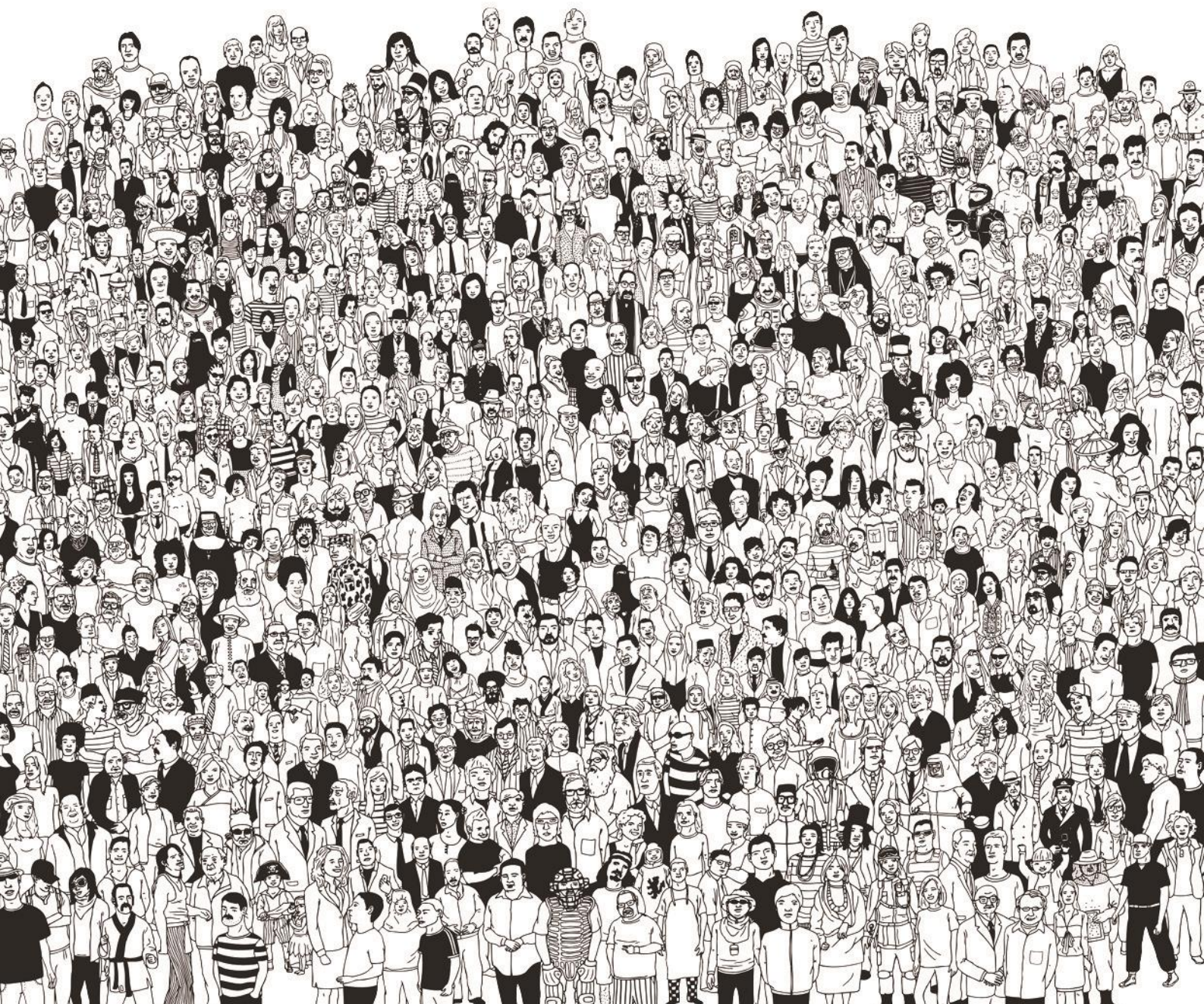


Price transparency in the legal
services market:
a study of small businesses
with legal issues



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1 Executive Summary

The Solicitors Regulation Authority (SRA) commissioned YouGov, working with Europe Economics, to undertake research focussing on price transparency for small businesses¹ using legal services. The aim of the study was to gather evidence on how price transparency will affect the way small businesses interact with legal service providers, and whether this may benefit law firms who adopt greater transparency.

This is the third in a series of research projects commissioned by the SRA to support the ongoing development of its Looking to the Future reforms, and in particular the introduction of new transparency rules designed to help the public in making more informed decisions about legal services providers.

The SRA's previous research in this area looked at the potential impact of price transparency on individual consumers² and the effect of information transparency about regulation and protections in legal services on people's choices.³

1.1 Background to this study

In December 2016 the Competition and Markets Authority (CMA) published the final report for its market study looking at legal services. That study concluded that the absence of sufficient, available information on price, quality and service hindered consumers' and small businesses' ability to choose the best option for legal support and recommended that regulators set a new minimum standard for the information published by regulated firms.⁴

Following extensive development, including a formal consultation with the public, profession and wider stakeholders, the SRA submitted its proposals for new Transparency Rules to the Legal Services Board (LSB), which were subsequently approved.⁵

Set to come into effect in December 2018, the rules include a requirement for law firms, and individual freelance solicitors (subject to the introduction of such being approved by the LSB) to publish information on the prices they charge across a number of common services.

To help inform the ongoing development of these new rules, this research looked at:

¹ Small businesses are defined as sole traders and businesses with up to 49 employees, including micro enterprises (with 2-9 employees)

² [Economic Insight for the SRA \(2018\) "Price Transparency in the Conveyancing Market"](#)

³ [Economic Insight for the SRA and Legal Ombudsman \(2018\) "Better information in the legal services market"](#)

⁴ [Legal services market study: Final Report, Competition and Markets Authority \(2016\)](#)

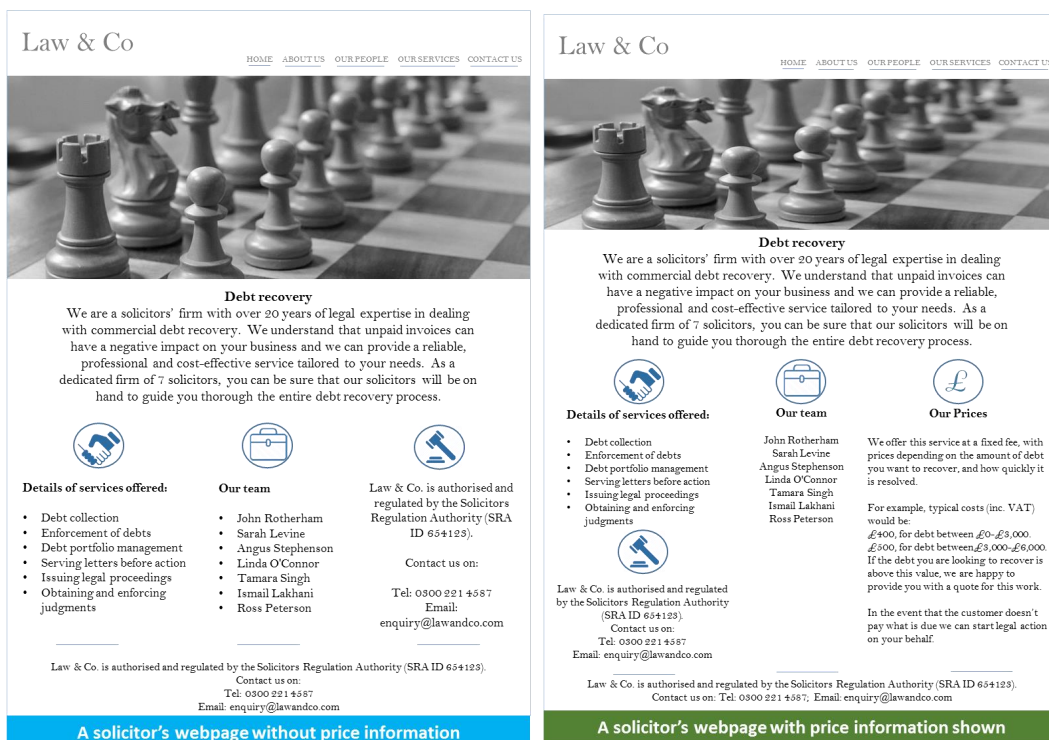
⁵ [Legal Services Board Closed Applications \(2018\)](#)

- What impact greater price transparency may have upon the likelihood that small businesses in need of legal support would engage professional support to help them
- What small businesses' expectations of the cost of legal services are
- Whether price transparency could increase solicitors' and firms' ability to compete with other professional service providers, such as debt recovery advisers and accountants.

This study involved a survey of 1,004 small business owners/managers and a subsequent randomised control trial (RCT) with 3,000 small business owners/managers.

- The survey explored how small businesses choose and use legal and other professional service providers to address problems relating to debt recovery and human resources (HR) matters. These are both areas in which firms will be required to publish information under the SRA's new Transparency Rules.
- The RCT tested how publishing price information (such as in the examples in Figure 1 below) affects small businesses' choice of provider by presenting scenarios where they might seek a professional services provider to assist them with debt recovery and asking them to choose between a solicitor, accountant and debt recovery adviser.

Figure 1: Two example webpages of solicitors, one with price information and one without



Based on our findings, there is evidence that mandating solicitors and firms to provide clear and transparent price information will enable small businesses to make more informed choices and could increase market competition. The evidence also suggests that by publishing price information, firms could benefit from increased contact from small businesses and may gain market share against other providers that do not publish price information, and may also have equal market share when other providers do publish price information.

1.2 Key findings

Our key findings across both the survey and the RCT suggest that the publishing of pricing information is likely to help to overcome some of the key barriers that discourage small businesses from accessing legal services.

They also suggest that publishing pricing information may help law firms to win more business, both from competitors and also potential new clients who currently do not access professional legal support due to assumptions over how much this may cost.

- Small businesses identify a lack of readily-available price information, and the complexity of information which is currently available, as the main barriers to them finding a new solicitor when they have a legal need.
- Solicitors are perceived as being expensive, both in absolute terms and relative to other service providers. Cost is perceived as a barrier that might limit access to legal services by more than 60% of small businesses (including 70% of sole traders).
- In our online trial, small businesses without access to pricing information assumed solicitors were more expensive (by around 22%) when compared to the actual costs reportedly paid by small businesses in the past.
- 42% of small businesses already spend time searching the internet when looking for legal service providers, while 75% would spend more time doing so if more accessible information was available online.
- We found evidence that by increasing price transparency solicitors would win more business from alternative providers and professions that do not publish their prices.
- Even where all potential providers publish pricing information, solicitors' potential market share is still likely to increase when they publish prices.
- The larger a business, or more money involved in a debt recovery issue, the more likely a small business is to engage with a solicitor.

1.3 Recommendations

In relation to the key findings above, we would recommend that the SRA considers exploring the following issues with solicitors and firms.

- Firms should see publishing prices as a business opportunity, and not purely a compliance issue. This research suggests that those firms that do publish price information could benefit from increased contact from small businesses as their expectations about the costs of using a solicitor is lower when costs are publicly available. And firms that publish price information may gain, or at least retain, market share in an increasingly competitive market.
- Recognising that price publication may be challenging for some solicitors and firms, the SRA should provide them with guidance, including what detail should be provided about the cost and the nature of the service delivered.
- The SRA should monitor the impact of publishing price information on consumer behaviour, solicitors and firms and on the wider legal services market.

2 Introduction

The section outlines the aims of the research and provides an overview of the background and context to this study.

- The aim of this study was to understand how price transparency will affect the way small businesses interact with legal service and other professional providers, and whether this may benefit firms who adopt greater transparency.
- In December 2016 the Competition and Markets Authority (CMA) highlighted that the legal services market is characterised by high levels of information asymmetry, where people and businesses lack the relevant information needed to make good choices.
- The CMA study found that this lack of transparency is weakening competition between providers. It also concluded that some consumers, in particular vulnerable consumers and many small businesses, do not always obtain the legal advice they need.
- Research for the LSB found that almost a third of small businesses experienced legal problems in 2017. Despite the level of legal need that small businesses have, recent research shows that 9% of small businesses reported using a firm of solicitors in the past 12 months. And when encountering legal issues, small businesses are more likely to turn to accountants than to solicitors.
- This research has been undertaken with small business owners/managers who can provide insight on the organisations' use of legal services. In 2017 small businesses (0-49 employees) accounted for 99.3% of the business population in the UK and regions, therefore the rationale was to focus this research on the group that constitutes the vast majority of all businesses in the UK.
- This study feeds into the work that the SRA is conducting looking at ways of ensuring consumers are better informed and therefore able to exercise choice effectively, helping ensure that there is effective and meaningful competition between legal service providers.

2.1 Purpose, aims and objectives

The Solicitors Regulation Authority (SRA) commissioned YouGov, working with Europe Economics, to undertake research focussing on price transparency for small businesses using legal services. The aim of the study was to understand how transparency will affect the way small businesses⁶ interact with legal service providers, and whether this may benefit firms who adopt greater transparency.

The study looked at the needs of small businesses in terms of information on costs of using legal services and conducted consumer testing with small business owners/managers to test how the presentation of price information impacts the decisions they make. The study also explored how price transparency could increase solicitors and law firms' ability to compete with other professional service providers, such as accountants. This is because previous research found small businesses were more likely to go to accountants than solicitors when they have a legal need, and 50% would try to resolve it on their own.⁷

Respondents were asked to consider three professional service providers to help them deal with a debt recovery matter. These providers were;

- A solicitor
- A debt recovery adviser
- An accountant

The research provides an evidence base for the SRA's approach around requiring regulated firms to publish prices on their own website (or provide price information on request if they do not have a website) for particular areas of law.

2.2 Policy context

In December 2016 the Competition and Markets Authority (CMA) published the final report for its market study looking at legal services. That study concluded that the absence of sufficient available information on price, quality and service hindered consumers' ability to choose the best option for legal support⁸.

⁶ Small businesses are defined as sole traders and businesses with up to 49 employees, including micro enterprises (with 2-9 employees).

⁷ [The legal needs of small businesses 2013-2017](#) for the Legal Services Board by BMG Research (2018).

⁸ [Legal services market study: Final Report, Competition and Markets Authority \(2016\)](#)

It highlighted that the legal services market is characterised by high levels of information asymmetry, where people and businesses lack the relevant information needed to make good choices.

To improve transparency, the CMA recommended that legal services regulators, including the SRA, should:

- Require firms to display information on price, service and conditions of redress in publicity materials (including on their website);
- Improve the Legal Choices⁹ website and promote it so that customers use it as the starting point when they need help;
- Help facilitate reliable comparison websites by making more regulatory data available; and
- Help ensure customers can learn about previous customers' experiences before choosing a legal service provider by encouraging providers to engage with platforms that provide feedback and reviews.

The CMA study found that this lack of transparency is weakening competition between providers. It also concluded that some consumers, in particular vulnerable consumers and many small businesses, do not always obtain the legal advice they need.

The Policy Director for the Federation of Small Businesses (FSB) has also said that small businesses are unable to approach law firms because they do not understand the process: *“There is a clear knowledge gap when you talk to a lot of our members. They are not clear when you go from a commercial issue to a legal dispute and they resist having to cross that boundary”*¹⁰.

The CMA's report called on regulators to set a new minimum standard for price transparency. Consumers and small businesses should be able to understand the total price of the service and what is included without contacting the firm.

⁹ The [Legal Choices](#) website is run by frontline legal services regulators to help people with their decisions about legal issues and lawyers. These regulators are the Solicitors Regulation Authority, the Bar Standards Board, the Intellectual Property Regulation Board, The Costs Lawyer Standards Board, the Council for Licensed Conveyancers, CILEx Regulation and the Faculty Office.

¹⁰ [Lawyers? Small businesses still prefer advice from accountants, Law Gazette article \(3 October 2017\)](#)

In response to the CMA's recommendations the SRA first issued a discussion paper¹¹ in October 2016 about what could be done to help people make more informed decisions when choosing legal services. Then, in September 2017, the SRA issued a consultation paper¹² on better information and more choice in the legal services market.

Following the analysis of the responses to their consultation, the SRA submitted proposed reforms to the Legal Services Board (LSB), including for the introduction of the Transparency Rules.

The reforms, which were approved by the LSB, are designed to improve public access to legal services by making information on price, protections and services more easily available.

Set to come into effect in December 2018, the Transparency Rules will require all regulated law firms, and individual freelance solicitors (subject to the introduction of such being approved by the LSB) who offer certain services, to publish information on the prices they charge. These services are:

For members of the public:

- Residential conveyancing (Freehold sale or purchase, leasehold sale or purchase, mortgages and re-mortgages)
- Probate (uncontested cases with all assets in the UK)
- Motoring offences (summary only offences)
- Employment tribunals (claims for unfair or wrongful dismissal)
- Immigration (excluding asylum applications)

For small businesses:

- Debt recovery (up to £100,000)
- Employment tribunals (defending claims for unfair or wrongful dismissal)
- Licensing applications for business premises (new applications or varying existing licenses)

As well as prices, the rules also require firms to publish information on:

- What services are included within the displayed price

¹¹ <https://www.sra.org.uk/sra/consultations/discussion-papers/regulatory-data-consumer-choice-legal-services.page>

¹² [SRA Consultation: Looking to the future: Better information, more choice](https://www.sra.org.uk/sra/consultations/ltf-better-information-consultation.page)
<https://www.sra.org.uk/sra/consultations/ltf-better-information-consultation.page>

- Details of the experience and qualifications of teams/individuals who will carry out the work
- Their complaints procedure, including how to make a complaint to the SRA or Legal Ombudsman

This study feeds into the work that the SRA is conducting looking at ways of ensuring consumers are better informed and therefore able to exercise choice effectively, helping ensure that there is effective and meaningful competition between legal service providers. A providers' ability to attract and retain customers should be a function of its ability to offer a better combination of price, quality and service than its rivals, rather than its ability to secure customers who are uninformed about what they are purchasing and how that compares with rival offerings.

2.3 Previous research in this area

Research for the LSB found that almost a third of small businesses experienced legal problems in 2017¹³. The vast majority of small businesses do not have internal legal capacity (either a qualified lawyer or someone trained to handle legal problems), and few have on-going contracts with legal providers. Consequently, it is important that they can secure competitively priced, good quality legal services if they are to compete effectively with larger businesses, respond appropriately to the legal problems they face and minimise the effects of the problem on their business.

The average cost of a problem facing small businesses in 2017 was just under £7,000, and almost 20% of small businesses reported the problems had health impacts on personnel. Despite the level of legal need that small businesses have, recent research shows that 9% of small businesses reported using a firm of solicitors in the past 12 months. And when encountering legal issues, small businesses are more likely to turn to accountants than to solicitors¹⁴.

¹³ BMG Research (2018) "[The legal needs of small businesses](#)"

¹⁴ BMG Research (2018) "[The legal needs of small businesses](#)"

There are a number of reasons that could explain why small businesses may not be using solicitors. Suggested barriers include feeling that law firms are not easy to access, a belief that legal documents are not easy to understand, and cost. Previous studies have reported only 11% of small businesses believe that lawyers are a cost effective means to resolving legal issues¹⁵, and 83% see legal services as unaffordable¹⁶.

The CMA found that small businesses that reviewed the market online found a lack of consistency in cost and quality information. This made it difficult to compare providers directly because they used different pricing structures. The FSB stated that its members are most concerned about high and uncertain legal costs, compounded by the open-ended nature of some legal work and its cumulative costs¹⁷.

Providing clear and transparent information on prices may have positive impacts on the uptake of legal services by small businesses. It has been argued that controlling for all other factors, transparency from legal services providers on price will result in small businesses in England and Wales seeking more legal advice¹⁸. With recent analysis highlighting that small businesses that believe that “legal services providers are transparent about their costs” are twice as likely to seek advice when facing legal issues¹⁹.

From a consumer perspective, previous and complimentary work by the SRA has looked at how individuals select between legal service providers. That work found that consumers do not always make the ‘best’ decisions when choosing legal service providers, but that they are helped by more transparent information.²⁰

Previous research undertaken from the firms’ perspective found that many solicitor firms said the main reason they did not advertise price was the need to take into account the needs and budget of the client – *“We also don’t advertise any fees for our ‘employer’/corporate clients, because these fees are adjusted to suit the particular needs and budget of those clients, so we have no standard prices that could be advertised”*.²¹

¹⁵ Ibid.

¹⁶ Kingston University (2015) [“The legal needs of small businesses”](#),

¹⁷ Federation of Small Businesses (2016) [“FSB response to CMA market study into the supply of legal services in England and Wales”](#)

¹⁸ Legal Services Board (2018) [Third research report focussing on the legal needs of small businesses](#)

¹⁹ Ibid.

²⁰ [Economic Insight for the SRA \(2018\) "Price Transparency in the Conveyancing Market"](#)

²¹ <https://www.sra.org.uk/documents/SRA/research/price-transparency-legal-services-market.pdf>

2.4 The focus of this study

This research has been undertaken with small business owners/managers who can provide insight on the organisations' use of legal services. Businesses in the UK are categorised in official statistics by the number of employees that they employ.

The focus of this research has been the small business population and that is defined as covering the following groups:

- Sole trader (0 employees)
- Micro-enterprise (1-9 employees)
- Small (10-49 employees).

In 2017 small businesses (0-49 employees) accounted for 99.3% of the business population in the UK and regions²². This equates to 5.7 million small businesses and therefore the rationale was to focus this research on the group that constitutes the vast majority of all businesses in the UK.

In the design phase of this study it was agreed that the legal scenario posed to small businesses would focus on a debt recovery issue. The rationale for this choice of legal service area was two-fold. Firstly, this is a legal service area that the SRA has proposed that solicitors and firms need to publish information on the prices they charge, and what these cover.²³ Secondly, debt recovery is a common problem faced by businesses across different sectors, and an area where firms often do not seek professional legal advice where, as a result, millions of pounds are written off by small businesses each year.²⁴

2.5 Debt recovery process

The FSB²⁵ and Small Business Commissioner²⁶ set out the actions that small businesses can take to recover debts:

1. Invoice as normal
2. Chase

²² ONS (2017) [Business population estimates for the UK and regions 2017](#)

²³ [SRA Post consultation position \(June 2018\), p.12](#)

²⁴ <https://www.directlineforbusiness.co.uk/small-business-insurance/knowledge-centre/news/british-small-businesses-wrote-off-58bn-in-debt>

²⁵ <https://www.fsb.org.uk/resources/what-is-the-process-for-debt-recovery>

²⁶ <https://www.smallbusinesscommissioner.gov.uk/deal-with-an-unpaid-invoice/get-advice/legal-action-you-can-take/>

3. Credit hold/administrative hold (stop doing any work for them until they have paid their outstanding debt to you)
4. Final request (this could be a pre-action letter, telling the debtor that the business will proceed to court if they do not; or could be a final request before writing off the debt)
5. Legal action.

Sending a pre-action letter or making a money claim can sometimes prompt payment, without having to go to court. The small claims court can be used, depending on the amount owed. The judge at court will make a decision about the debt. This will usually mean the debtor is ordered to repay any debt, as well as interest and legal fees. If they do not pay after receiving a court judgment, they can also be taken to high court to appoint bailiffs or petition for insolvency.

Businesses can take on the legal action themselves, or can appoint a solicitor, debt collection agency or accountant to help. Debt collection agencies and accountants can send letters on behalf of the business but cannot represent them in court. Some debt collection agencies and accountants work with solicitors to carry out the legal work and to represent the business in court, or they will refer the business to choose their own solicitor.

3 Method

The section outlines the methodology we adopted for an online survey of the small business population and an online trial focussed on price transparency with small businesses owners/managers

- We conducted an online survey of 1,004 sole traders and small business owners/managers, looking at how they choose and use legal and other professional services to address problems relating to the recovery of debts or human resources (HR).
- We designed and delivered an online RCT to 3,000 small businesses owners/managers testing how publishing price information affected their choice of provider. They were presented with scenarios where they might seek a professional services provider to assist them with recovering a debt and asked to choose between three providers: a solicitor, accountant and debt recovery adviser.
- In the design of the RCT, we also assessed two other potentially important factors that might influence small businesses' choices. First, we looked at the possibility that small businesses' willingness to use certain types of provider might depend on the sum of money to be recovered. Second we looked at how pre-existing relationships might affect their choice of professional service provider.
- The samples were targeted at sole traders and business owners/managers in businesses of 1 to 49 employees and all drawn from the YouGov panel of over 1m people. The final achieved samples were weighted to be representative of the business population by size band, industry and region.

3.1 Approach

Prior to this study, there was limited evidence available that considered how small businesses' choices might change if solicitors were mandated to publish certain information. Working closely with the SRA, we followed a structured approach to gathering insight from small businesses and filling this evidence gap.

- Scoping: We reviewed evidence from past studies the SRA had commissioned and other work in the field of price transparency in legal services.
- Phase one: We conducted an online survey of 1,004 sole traders and small business owners/managers, looking at how they choose and use legal and other professional services to address problems relating to the recovery of debts or human resources (HR).

- Phase two: We designed and delivered an online RCT to 3,000 small businesses owners/managers testing how publishing price information affected their choice of provider. They were presented with scenarios where they might seek a professional services provider to assist them with recovering a debt and asked to choose between three providers: a solicitor, accountant and debt recovery adviser.

This approach allowed us to design the survey to build on the existing body of evidence and, in turn, we could use the results from the survey to help us develop the RCT.

3.2 Sample characteristics

In total 4,004 small business owners/managers contributed to this research study. All respondents to the phase one online survey (n=1,004) and the phase two RCT (n=3,000) were drawn from the YouGov research panel of business people. The samples were targeted at sole traders and business owners/managers in businesses of 1 to 49 employees. The final achieved samples were weighted to be representative of the UK business population by size band, industry and region.

The final achieved samples provide coverage across industry and business size within the small business population. Allowing for analysis by these key variables. The figure below displays a summary of the composition of both samples.

Figure 2: Sample characteristics

Variable	Proportion in online survey sample	Proportion in online RCT sample
Industry		
Manufacturing and production	15%	16%
Education and healthcare	8%	12%
Private sector services	57%	62%
Other	21%	11%
Size-band		
Sole trader	43%	54%
2-9 employees	31%	27%
10-19 employees	11%	9%
20-49 employees	12%	11%
Total (n)	1,004	3,000

A full breakdown of the characteristics of the weighted and unweighted samples for the online survey and online randomised control trial can be found in the technical appendix to this report.

An important aspect of the research was to ensure the research covered equality and diversity issues to acknowledge the findings of previous research that BAME and disabled small business owners/managers are more likely to experience legal problems²⁷. To allow a more robust analysis of the responses from small business owners/managers who were BAME and/or experience some form of disability we boosted those samples as follows:

- Phase one: Online survey
 - BAME – n=151
 - Disabled – n=191
- Phase two: RCT
 - BAME – n=287
 - Disabled – n=534

3.3 Survey

The purpose of the online survey was to explore small business owners/managers' experiences of choosing and using legal services to develop and understanding of these issues and to inform the design of phase two of this research.

It sought information on their attitude to, and experience with, using professional advisers, including solicitors, to advise on debt recovery, HR issues and, to a lesser extent, other legal issues more generally. Of particular interest was the attitude to pricing information. For example, how important was price to small businesses thinking of using a solicitor or other professional adviser and how well informed they were about the prices charged for such assistance.

The survey also asked small business owners/managers who had recently used a professional service provider how much they paid for the service. The median prices²⁸ people stated they had paid were:

- Solicitor: £500
- Debt recovery adviser: £430
- Accountant: £400.

²⁷ [The legal needs of small businesses 2013-2017](#) for the Legal Services Board by BMG Research (2018).

²⁸ Outlier costs were removed, where the cost of the service was more than the debt amount recovered, to make sure the prices presented were as realistic as possible.

This information was used to inform the indicative prices shown on each of the providers' webpages in the RCT, as shown in Figure 4.

3.4 Online RCT

Following the analysis of the survey results an online RCT was delivered to 3,000 small business owners/managers. An RCT assigns participants in the trial to different treatment groups randomly. This allows the researcher to analyse differences in the way participants respond to the different treatments, without having to worry that there are other relevant factors that are correlated with both the treatment and the outcome. For example, in our RCT different participants saw information about providers with different levels of pricing, which allowed us to analyse how changing this pricing information affected the likelihood of selecting different providers. By design, all participants faced the same legal issue, so their decision to use or not use a solicitor was not influenced by this.

The focus was on how pricing transparency might affect a small businesses' decision to use a solicitor, accountant or debt recovery adviser to assist in recovering a debt of £5,000. Respondents were split into three treatment groups: a group where none of the professional service providers published their prices; a treatment group where only the solicitor published price, to see whether this affected people's propensity to choose them; and a group where all three professional service providers published their prices.

In the design of the RCT, we also assessed two other potentially important factors that might influence small businesses' choices. First, we looked at the possibility that small businesses' willingness to use certain types of provider will depend on the sum to be recovered. Second we looked at how pre-existing relationships might affect the choice of professional service provider.

One possibility is that small businesses believe that providers who are more expensive are also better suited to assist in the debt recovery task. This may have implications for who businesses choose to help them recover a debt. For example; businesses might prefer a relatively cheap provider if the amount of debt is relatively low, but their preference might switch towards more expensive providers if the debt amount at stake is higher. In order to test the extent to which the underlying debt amount can shape small businesses' preferences, in the RCT we asked respondents to rank providers, first telling them that the amount of debt to be recovered is £5,000, and then increasing the debt amount to £10,000.

The original choice of a scenario where the outstanding debt recovery amount was £5,000 was based upon the median sum small businesses reported having to collect when they had most recently experienced a need to recover a debt – as reported to us in the phase one online survey.

The rationale for doubling the debt recovery amount to £10,000 was to enable us to control for the possibility that price sensitivity when considering a solicitor versus other providers may differ if the sum at stake is larger.

Secondly, literature suggests that small businesses' preferences can potentially be biased towards providers with whom there is already an existing relationship. For example previous evidence suggests that when small businesses do get legal advice they are more likely to go to accountants than solicitors²⁹. To test whether such a bias is material we performed the RCT under two separate scenarios. In the first scenario (Scenario A) respondents were shown the websites of three service providers they were supposed to have no previous knowledge of. In the second scenario (Scenario B) respondents were shown the same websites, but they were told that, of the three providers, they had a longstanding relationship with the accountant.

Furthermore, since we have also collected information on whether RCT participants have an ongoing relationship with a provider, we have also tested whether such ongoing relationships have a statistically significant impact on participants' preferences.

For each treatment group, we split the sample equally between two different scenarios:

Scenario A: No previous relationship

Imagine that your business is in a situation where one of your customers has consistently failed to pay you a significant amount of money. You have tried to recover this debt yourself, but the customer is not responding to you.

You are therefore considering whether to get help from a debt collection specialist.

Scenario B: Previous relationship

Imagine that your business is in a situation where one of your customers has consistently failed to pay you a significant amount of money. You have tried to recover this debt yourself, but the customer is not responding to you.

You are therefore considering whether to get help from a debt collection specialist. Your accountant, with whom you have worked for a number of years, has offered to help you recover the debt. You have also found two further providers yourself.

²⁹ [The legal needs of small businesses 2013-2017](#) for the Legal Services Board by BMG Research (2018).

Respondents were then shown the website pages of three service providers that could help in the debt recovery process: a solicitor, a debt recovery adviser and an accountant. The webpages were designed to have consistency in design to focus the differences on the presence of price information.

The figures below outline the allocation of respondents across the treatment groups and an example of the webpages with and without price information that were shown to respondents. Screen shots of all the webpages used in the RCT are shown in the technical appendix.

Figure 3: Allocation of respondents across treatments

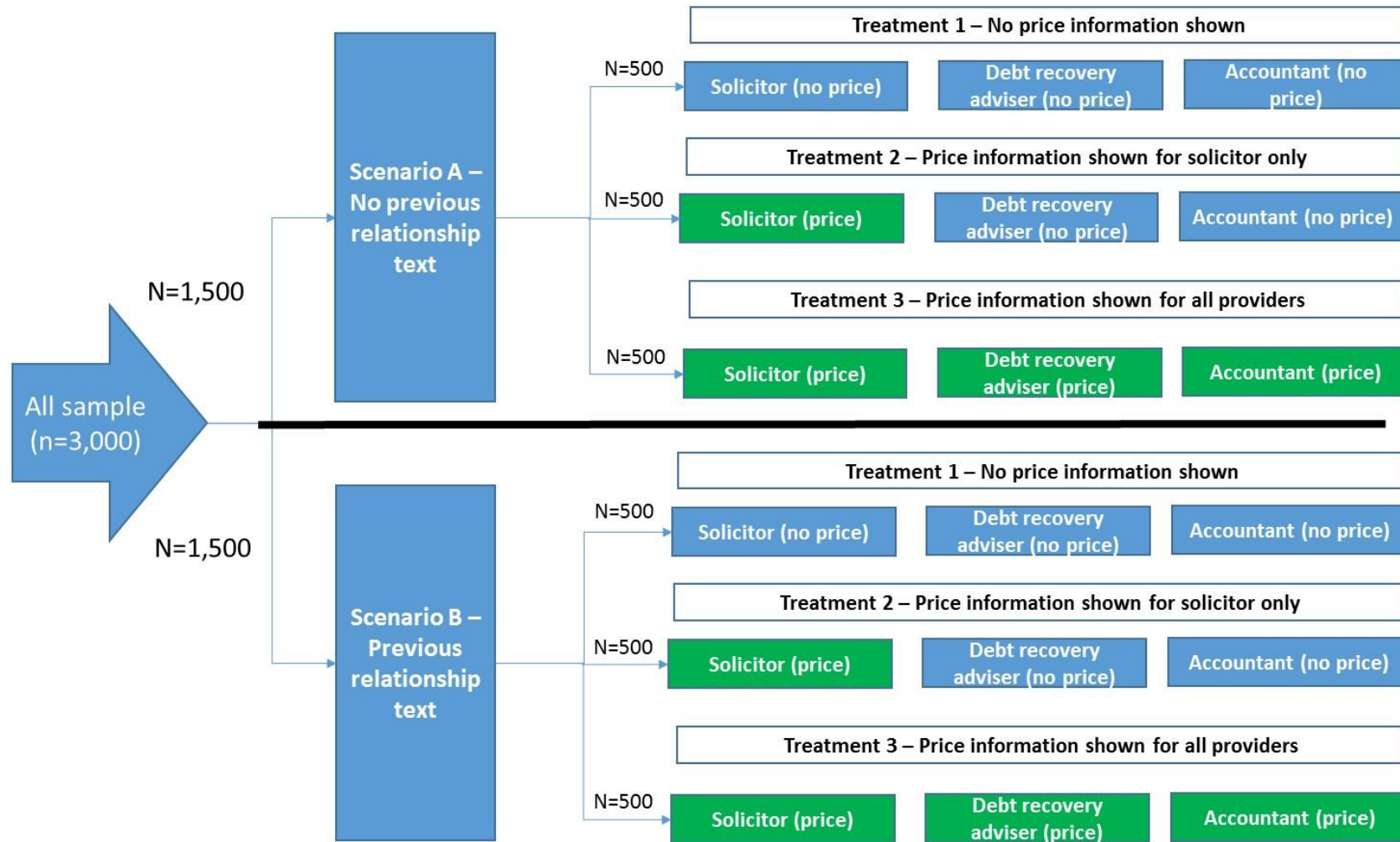


Figure 4: Solicitor webpages with and without price information shown

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Debt recovery

We are a solicitors' firm with over 20 years of legal expertise in dealing with commercial debt recovery. We understand that unpaid invoices can have a negative impact on your business and we can provide a reliable, professional and cost-effective service tailored to your needs. As a dedicated firm of 7 solicitors, you can be sure that our solicitors will be on hand to guide you through the entire debt recovery process.



Details of services offered:

- Debt collection
- Enforcement of debts
- Debt portfolio management
- Serving letters before action
- Issuing legal proceedings
- Obtaining and enforcing judgments



Our team

- John Rotherham
- Sarah Levine
- Angus Stephenson
- Linda O'Connor
- Tamara Singh
- Ismail Lakhani
- Ross Peterson



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A solicitor's webpage without price information

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Debt recovery

We are a solicitors' firm with over 20 years of legal expertise in dealing with commercial debt recovery. We understand that unpaid invoices can have a negative impact on your business and we can provide a reliable, professional and cost-effective service tailored to your needs. As a dedicated firm of 7 solicitors, you can be sure that our solicitors will be on hand to guide you through the entire debt recovery process.



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Our team

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Ismail Lakhani
Ross Peterson



Our Prices

We offer this service at a fixed fee, with prices depending on the amount of debt you want to recover, and how quickly it is resolved.

For example, typical costs (inc. VAT) would be:

£400, for debt between £0-£3,000.

£500, for debt between £3,000-£6,000.

If the debt you are looking to recover is above this value, we are happy to provide you with a quote for this work.

In the event that the customer doesn't pay what is due we can start legal action on your behalf.

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Contact us on: Tel: 0300 221 4587; Email: enquiry@lawandco.com

A solicitor's webpage with price information shown

4 Survey Results

Key findings

- Solicitors were perceived as being expensive both in absolute terms and relative to other service providers. The perception that solicitors were more expensive than other providers was more widespread amongst sole traders and micro-enterprises (2-9 employees).
- The cost of using a solicitor was also perceived as a potential barrier that might limit access to legal services. More than 60% of all small businesses surveyed (including almost 70% of sole traders) thought that the cost of using a solicitor was a barrier preventing some businesses from using one.
- Lack of price information and complexity of price information, were the main perceived obstacles to finding a new solicitor. These were also important obstacles to finding other professional advisers, but were perceived as being more of an issue for solicitors.
- 42% of small businesses currently search online for a legal service provider. 75% indicated that they would spend time searching the internet comparing different providers if there was more easily accessible information available online.
- More than 50% of small businesses stated that they would be more inclined to contact a solicitor who publishes price information on their website.
- There was a discrepancy between small business owners/managers' stated intention to use a solicitor and the actual use of one. Only 10% of sole traders that faced a legal issue in the recent past took advice from a solicitor to resolve the issue. However, when asked if they would seek advice from a solicitor to resolve a debt recovery or employment related issue, more than 20% of sole traders said they would do so.
- Larger small businesses (with 10-19 and 20-49 employees) were more inclined to use a solicitor than sole traders or micro-enterprises (2-9 employees). This was true irrespective of the legal issue faced (i.e. a debt recovery problem or an employment-related issue), but businesses facing debt recovery issues were more inclined to rely on the services of a solicitor.
- Searching the market was important. Whilst existing business contacts were the most common way to find a legal service provider, searching the internet was the second most popular method to find a solicitor. Almost 60% of sole traders say that they would still conduct a market search even if they had the option of relying on a solicitor they had already used for personal legal issues.

4.1 Overview

The goal of the survey was to gain insight about how professional service providers are perceived by small businesses, and to understand how they are used in real world situations. This preliminary information on how small businesses choose and use professional service providers and interact with them was important and interesting, and valuable in helping shape the design and focus of the subsequent RCT.

The survey asked participants about their perceptions of the value of using solicitors or other professionals to address legal issues, and about their past experience of addressing legal issues. The survey was primarily concerned with how small businesses might proceed to address problems relating to debt recovery or to HR issues.

4.2 Perceptions about using professional service providers to address legal issues

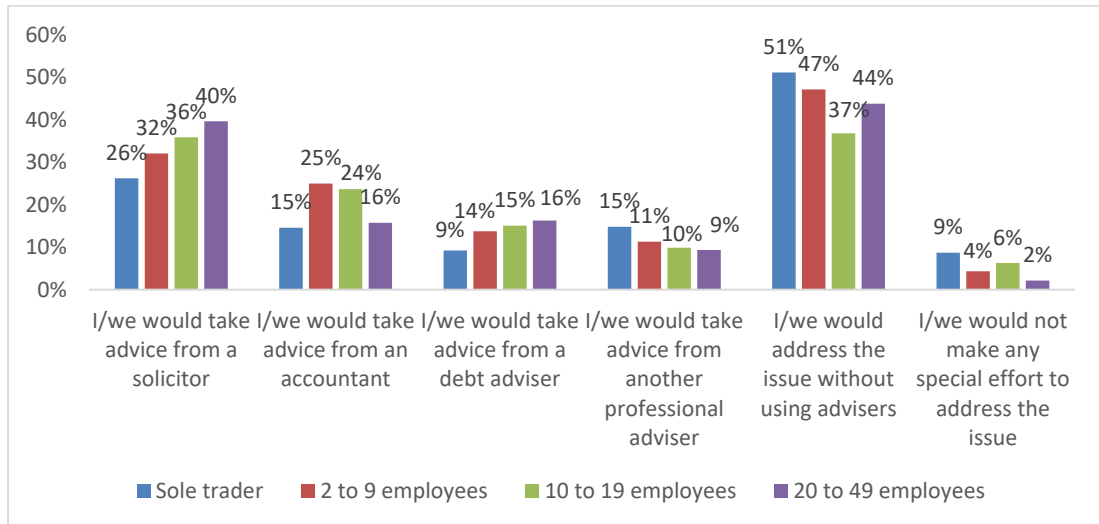
In this section, we report survey findings that help us understand the general perception businesses have about using professional service providers, including solicitors, to help address legal issues. More specifically, the dimensions we look at are:

- Perceptions about the usefulness of different service providers, i.e. the stated propensities to use providers and reasons for doing so.
- Perceived costs of using different service providers and other obstacles that might potentially limit businesses' access to these services.
- The role that information transparency more generally, and price transparency specifically, might play in fostering market search activity and improving access to different service providers.

We considered businesses' stated intentions to rely on professional providers when faced with either a debt recovery issue or an employment related problem. We found that larger small businesses (with 10-19 and 20-49 employees) are more inclined to say that they would use a solicitor than sole traders or micro-enterprises (2-9 employees). This is true irrespective of the legal issue faced (i.e. a debt recovery problem or an employment-related issue), but businesses facing debt recovery issues are more inclined to rely on the services of a solicitor. For example, Figure 5 shows that, when faced with a debt recovery issue, 40% of businesses with 20-49 employees stated that they would take advice from a solicitor, compared with 26% of sole traders. When faced with an employment-related issue, the percentage of businesses with 20-49 employees that would use a solicitor is 33%, compared with 20% of sole traders (see Figure 6).

The findings presented in Figure 5 and Figure 6 show the high percentage of businesses who stated that they would address a debt recovery problem without the use of an adviser (e.g. 51% of sole traders say that they would not rely on a professional adviser when faced with such an issue), and the popularity of HR/employment consultants among larger businesses facing an employment-related issue (e.g. around 50% of businesses with more than 10 employees would use an HR consultant for this type of problem).

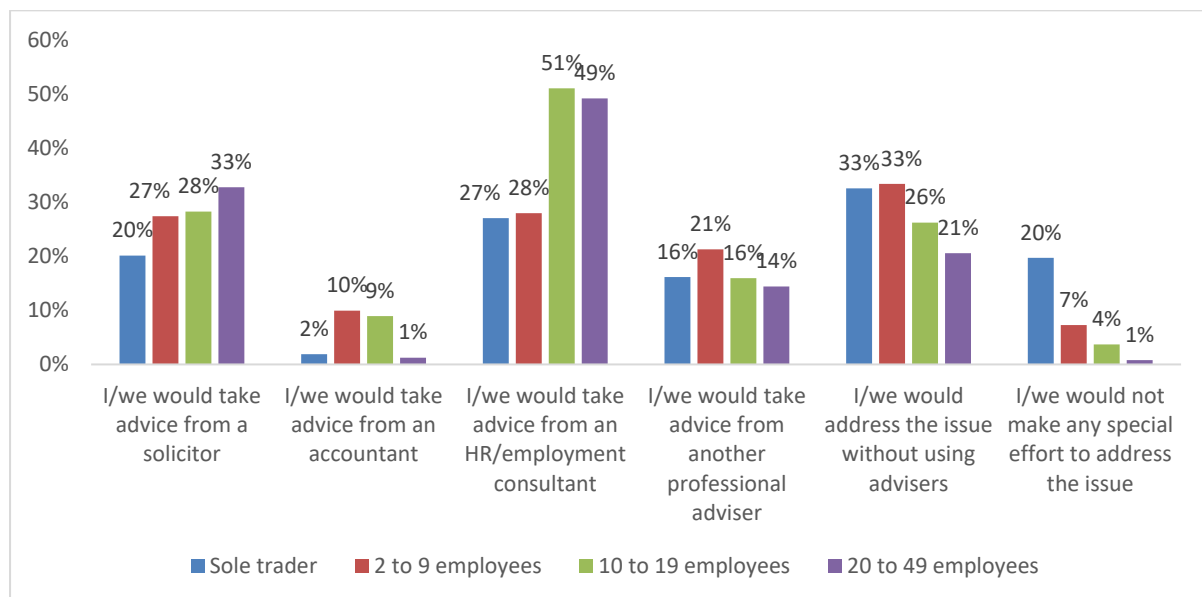
Figure 5: How businesses would resolve a debt recovery problem



Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees=152; 20 to 49 employees=179

Figure 6: How businesses would resolve an employment-related problem

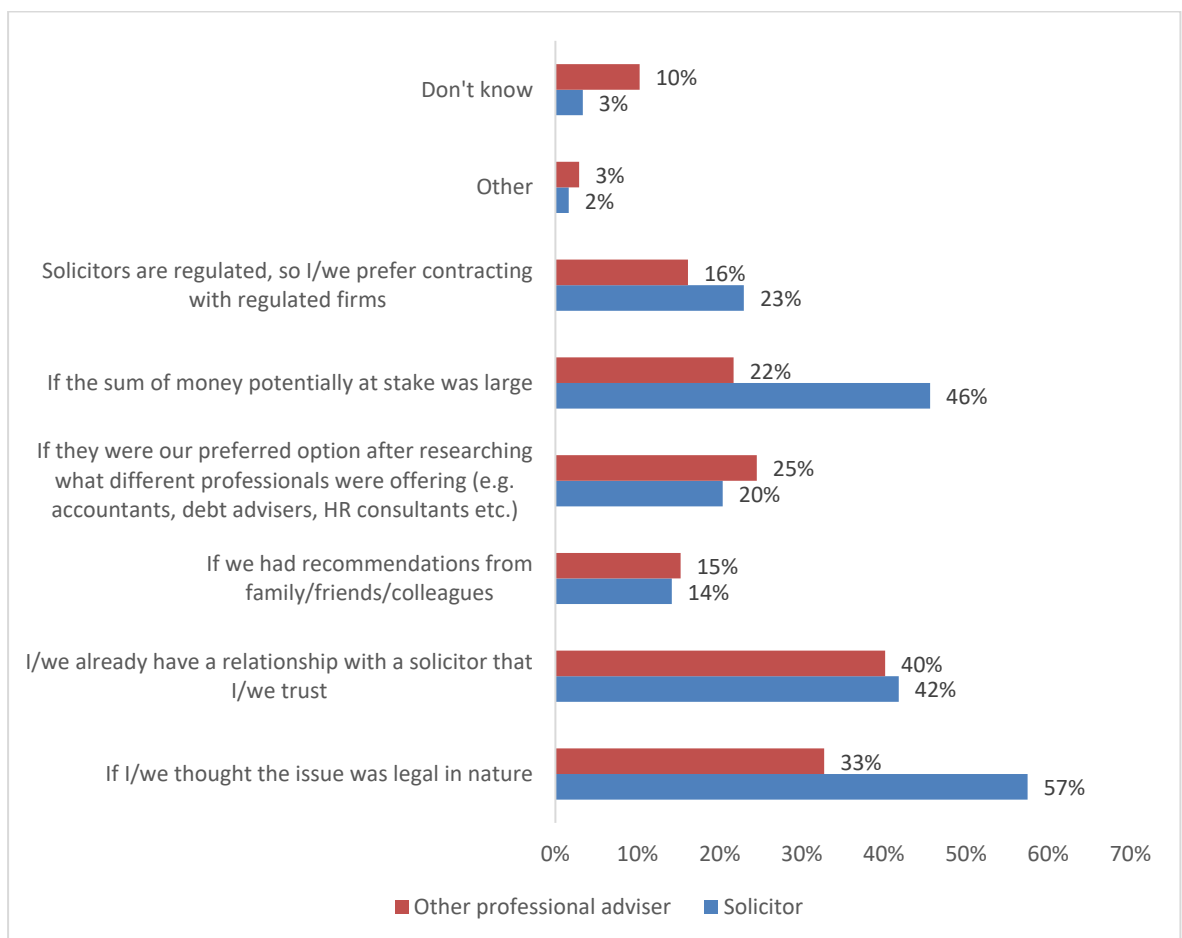


Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees=152; 20 to 49 employees=179.

The main reasons for seeking advice from a solicitor as opposed to another professional adviser (e.g. an accountant, a debt adviser or an HR consultant) are the nature of the issue faced being perceived as legal and the potentially high amount of money at stake. As we can see from Figure 7, 57% of respondents cited thinking that the nature of the issue faced was legal as being a reason for choosing a solicitor, compared to only 33% of businesses mentioning this as a reason for using another professional adviser. Additionally, 46% of businesses mentioned the potentially high amount of money at stake as a reason to choose the solicitor, whilst this is mentioned as a reason for choosing another adviser by only 22% of respondents.

Figure 7: Main reasons for taking advice from a solicitor or from another professional adviser

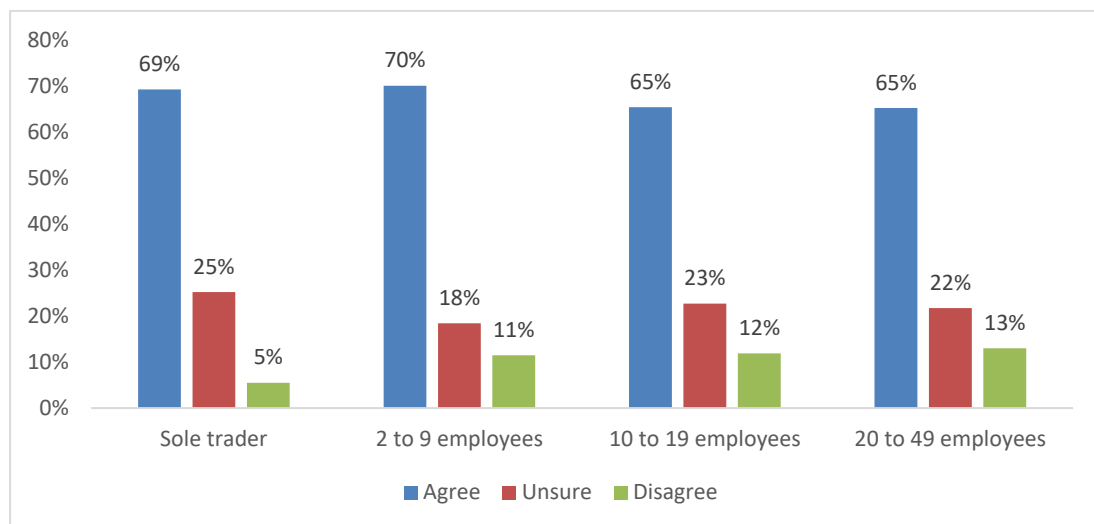


Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size: Solicitor=432; Other professional adviser=630

There is a general perception amongst small businesses that solicitors are both expensive in absolute terms, and more expensive compared to other professional service providers. For example, over 60% of small businesses surveyed, irrespective of their size, agree that the cost of using solicitors is a barrier that prevent some businesses from using them (see Figure 8).

Figure 8: Percentage of businesses who believe that the cost of using a solicitor is a barrier preventing some businesses from using them

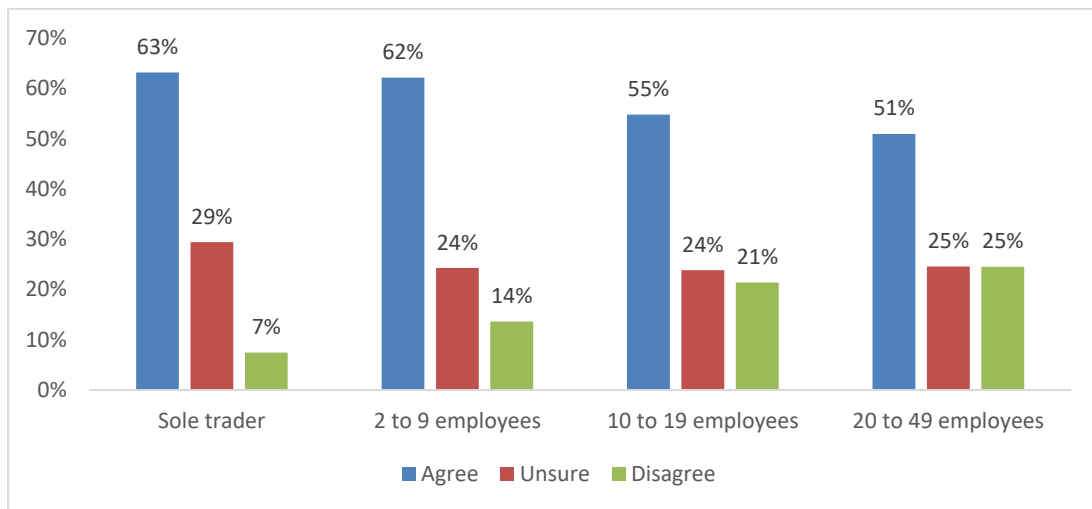


Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees=152; 20 to 49 employees=179

The perception that the cost of using a solicitor is a barrier preventing some businesses from using them is also shared among those who have actually used a solicitor in the past. In fact, among those who have used solicitors to address a legal issue in the recent past (139 of respondents), 65% believe that cost is a barrier (which is consistent with those observed in Figure 7).

Furthermore, the majority of businesses perceive the cost of using solicitors to be higher than other providers. The smaller the size of the business the greater the perception that the cost of using solicitors is higher than other providers. For example, whilst 51% of businesses with 20-49 employees think that solicitors are more expensive relative to other providers, this belief is shared by 63% of sole traders (see Figure 9).

Figure 9: Percentage of businesses that believe solicitors are more expensive than other professional providers

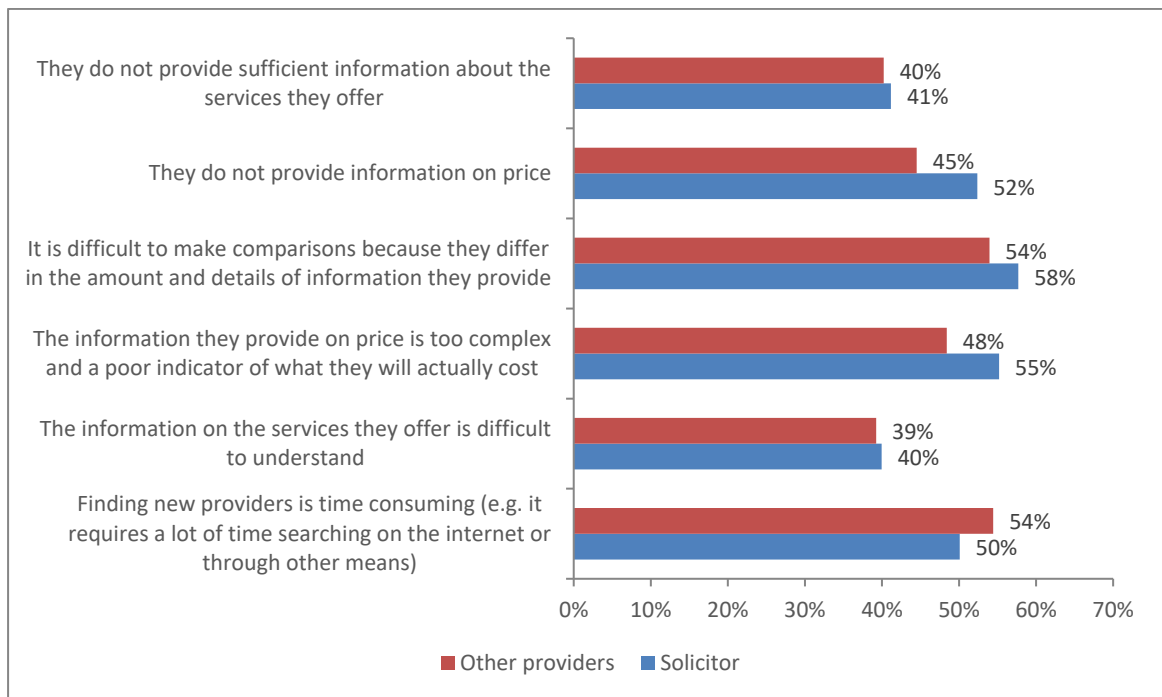


Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees=152; 20 to 49 employees=179

The findings shown in Figure 8 and Figure 9 suggest that cost is a concern and that it might potentially limit small businesses' access to legal service providers. Therefore, it is important for small businesses to operate in an environment that facilitates shopping around. Unfortunately, lack of price transparency appears to be an additional obstacle that may further limit accessibility to legal services. In fact, lack of price information, complexity of price information, and difficulties in making comparisons are mentioned as being the main obstacles to using a new solicitor (see Figure 10). These are also important obstacles to using other professional advisers, however, lack of price information and complexity of price information are more of an issue deterring the use of solicitors (these were mentioned as obstacles to using solicitors by 52% and 55% of respondents respectively) than for other professional services (mentioned by 45% and 48% of respondents).³⁰

³⁰ These differences are statistically significant at the 95% confidence level.

Figure 10: Main perceived obstacles to the use of professional service providers



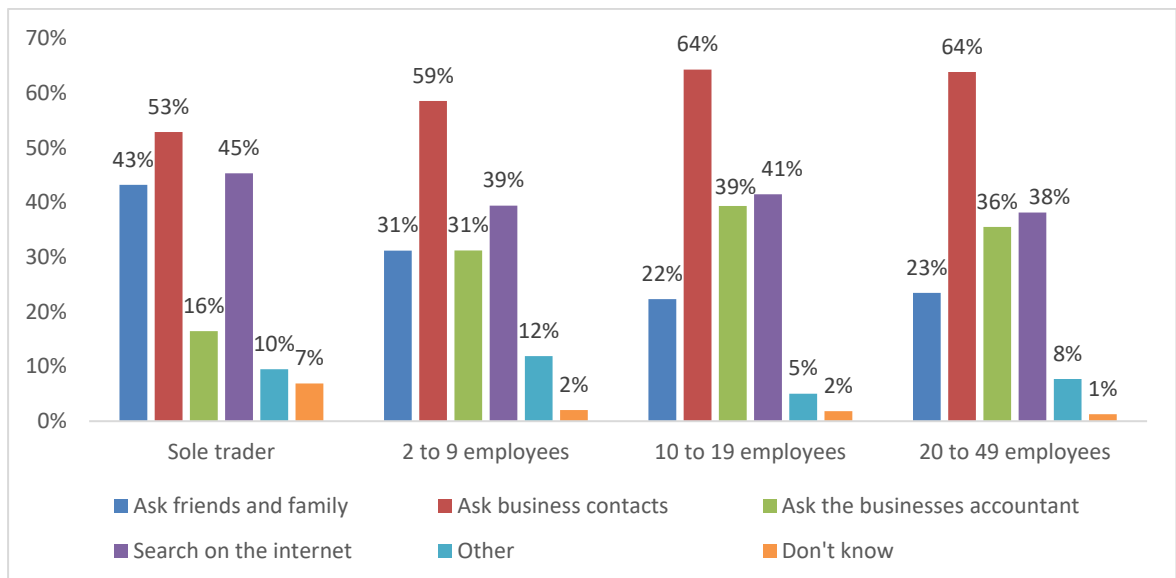
Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size=1004

Focusing specifically on legal service providers, the importance of information transparency in improving small businesses' access to legal service providers is confirmed by a combination of findings.

Existing business contacts are the most common way of finding a legal service provider, more so for larger small businesses (10-49 employees). Smaller businesses (sole traders and micro-enterprises) tend to rely relatively more on family and friends. The internet is the second most popular method irrespective of business size (see Figure 11 below).

Figure 11: Methods used to find a legal service provider

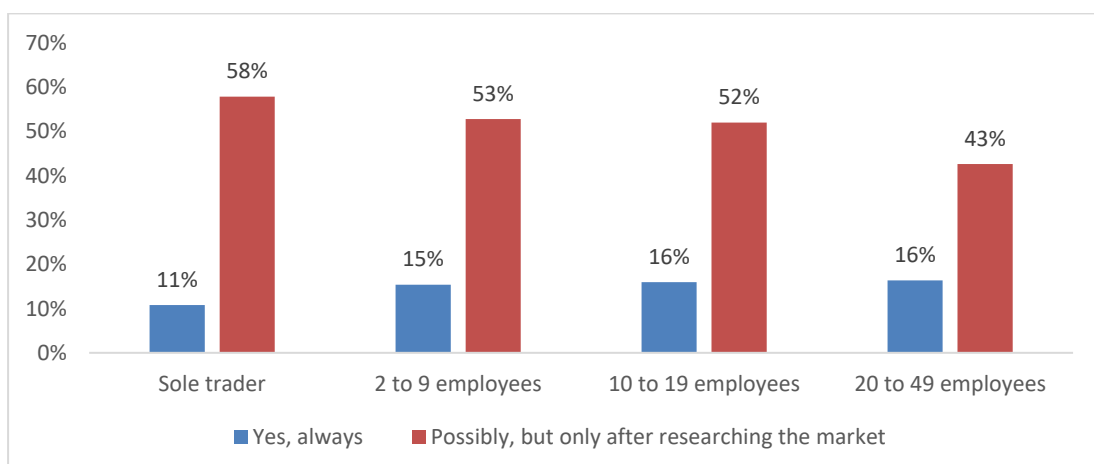


Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees=152; 20 to 49 employees=179

The importance of shopping around is further confirmed by the fact that even if businesses already have a personal relationship with a solicitor they would search the market before deciding whether to rely on the solicitor they already know. For example, when businesses were asked whether they would think of using the same solicitor they have used for personal legal issues, 58% of sole traders stated that they might do so but only after having conducted a market search (see Figure 12). The percentage of businesses stating that they would conduct a market search is sizeable for all small businesses overall, but is highest for sole traders and micro-enterprises (2-9 employees).

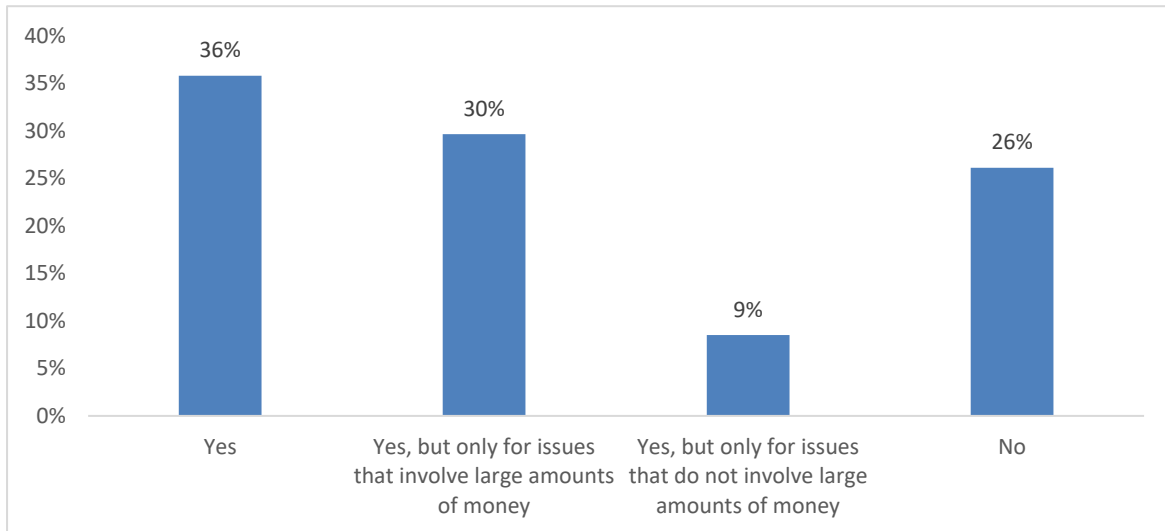
Figure 12: Percentage of businesses that would rely on a solicitor they have already used for personal legal issues



Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees=152; 20 to 49 employees=179

Easy access to information also helps market search activity: 75% of businesses surveyed indicated that they would spend time searching the internet comparing different legal service providers if there was more easily accessible information available on the internet (see Figure 13).

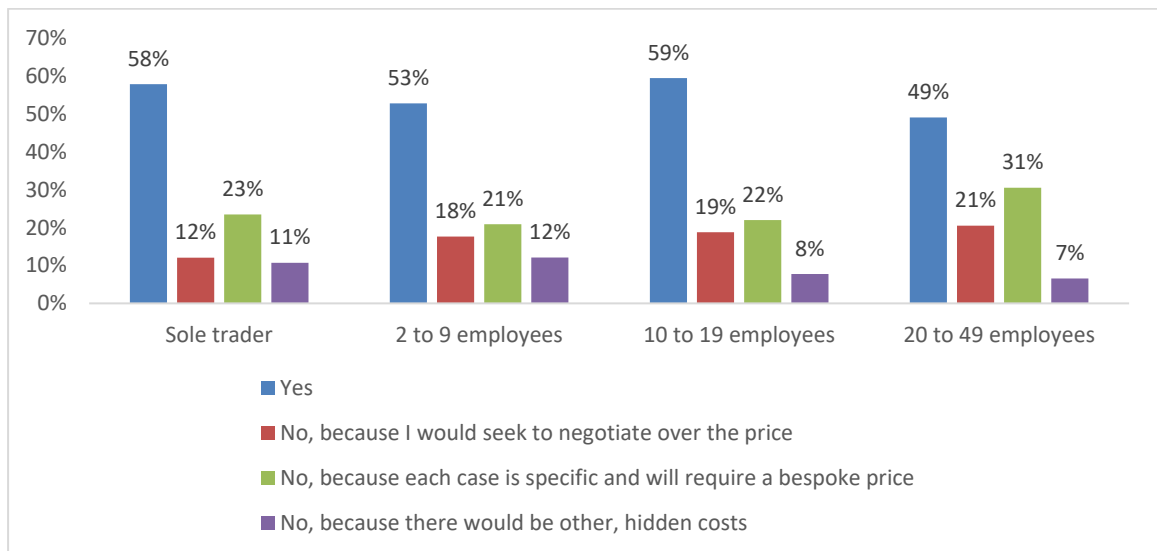
Figure 13: Businesses' intention to spend time searching the internet if there was more easily accessible information



Sample size=887

Finally, the important role that price transparency might play in shaping businesses' choices is confirmed by the fact that approximately 50% of the businesses surveyed (and 55% of sole traders) stated that they would be more inclined to contact solicitors who publish price information on their website. Moreover, the majority of businesses would expect to pay the published price (see Figure 14) – the published price is regarded as being a good proxy for the cost that would eventually be incurred.

Figure 14: Percentage of businesses that would expect to pay a solicitor the same price published on their website

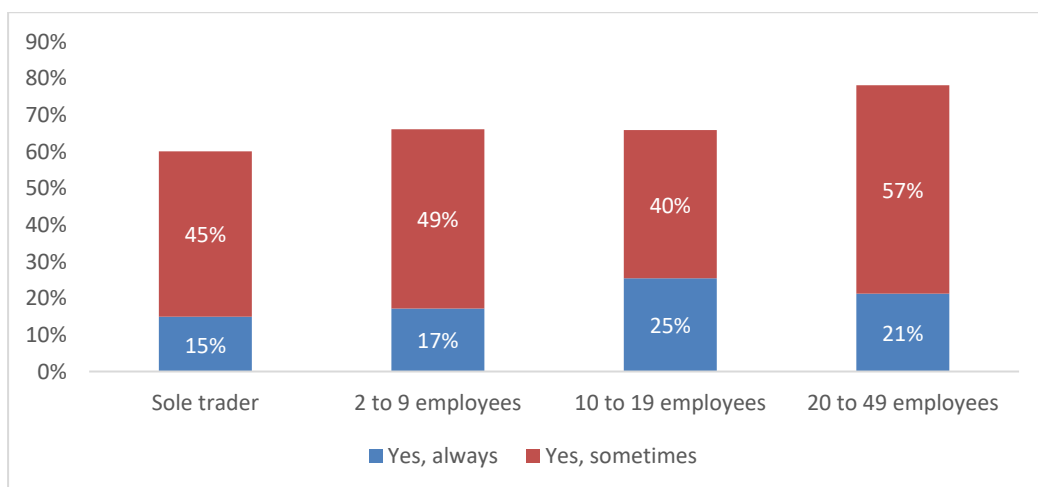


Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees=152; 20 to 49 employees=179

Notwithstanding the reliance that small businesses place upon the published prices, the majority of businesses surveyed state that they would sometimes seek to negotiate the price quoted by a solicitor (see Figure 15). Larger small businesses are more likely to claim that they would engage in price negotiations than sole traders (78% of businesses with 20-49 employees state that they would seek to negotiate prices — either always or sometimes — compared to 60% of sole traders). Later survey questions asking participants about past experience addressing legal problems suggests that in reality small businesses are less likely to attempt to negotiate published prices than they claim (figure 17).

Figure 15: Percentage of businesses stating that they would negotiate prices when contacting a solicitor



Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees =152; 20 to 49 employees=179

The survey findings presented in this section can be summarised as follows:

- Larger small businesses appear to be more inclined to use a solicitor than sole traders or micro-enterprises. This is true irrespective of the legal issue faced (i.e. debt recovery problem or employment-related issue), but businesses facing debt recovery issues are more inclined to rely on the services of a solicitor.
- Seeking advice from a solicitor rather than from other providers is perceived as being more appropriate when the issue faced is legal in nature and the amount of money at stake is potentially large.
- Solicitors are perceived as being expensive both in absolute terms and relative to other service providers. The perception that solicitors are more expensive than other providers is more widespread amongst smaller businesses (sole traders and micro-enterprises (2-9 employees)).
- The lack of price information on the providers' website and the complexity with which price information is conveyed are both obstacles to market search activity. These obstacles are perceived as being more of an issue for solicitors than for other professional service providers.
- Searching the market is an important activity that small businesses rely upon before choosing a legal service provider. Published price information, in particular, is perceived as being a good indicator of the potential cost of using a provider and small businesses state that they would be more likely to contact a solicitor who publishes price information.

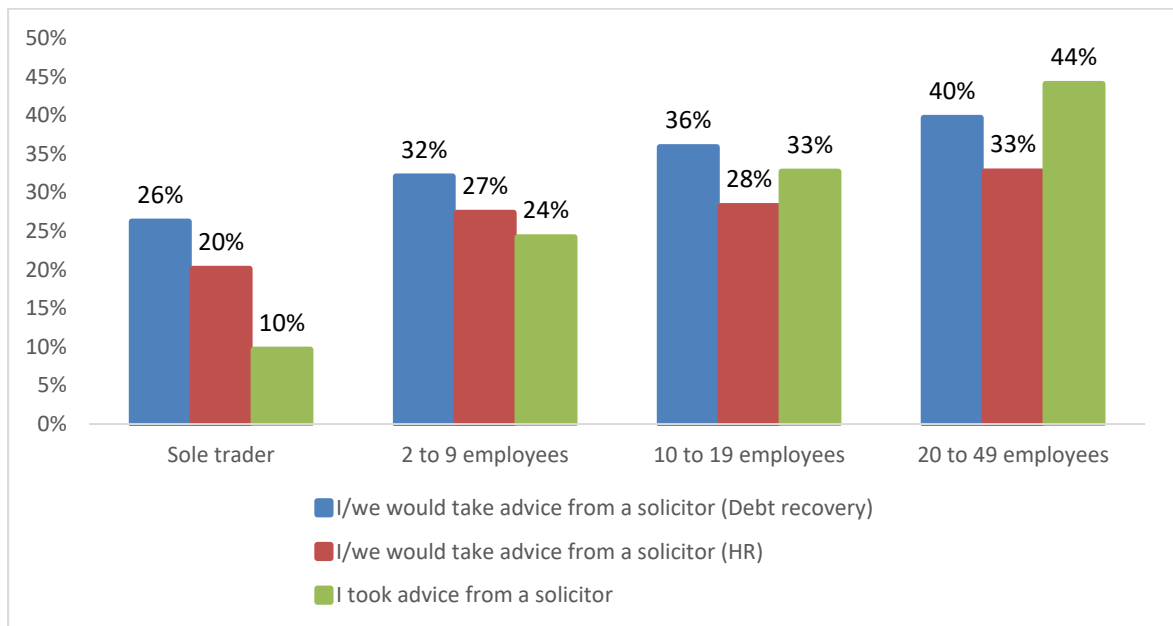
4.3 Experience of using professional service providers to address legal issues

In this section we focus on:

- The extent to which businesses who faced a legal issue in the past used professional service providers generally, and solicitors more specifically.
- Small businesses' expectations about the costs of using professional service providers, the actual costs incurred, and how these compared to their expectations.

Figure 5 and Figure 6 represent only small businesses’ stated intention to rely on professional advisers and, as such, might not be representative of the actual use of providers in real life situations. In the survey we also asked businesses whether they had faced a legal issue in the recent past (around 55% of businesses surveyed faced a legal issue over the last five years) and, if so whether the issue was addressed with the use of a solicitor or another type of provider. This information can be used to assess how businesses’ stated intentions to use a solicitor compared with the actual use of a solicitor. We found that there is a discrepancy between the stated intention to use a solicitor (as indicated in Figure 5 and Figure 6) and the actual use of one. Small businesses that faced a legal issue in the past have used solicitors less than they say they would, whilst the opposite is true for larger small businesses. As we can see in Figure 16, only 10% of sole traders who faced a legal problem relied on the use of solicitor, whilst 20% and 26% stated that they would use one if they faced an employment related or debt recovery issue. In contrast, solicitors were used by 44% of businesses with more than 20 employees that faced a legal issue, whilst only 33% and 40% of these businesses said that they would use a solicitor to address employment-related or debt recovery issues.

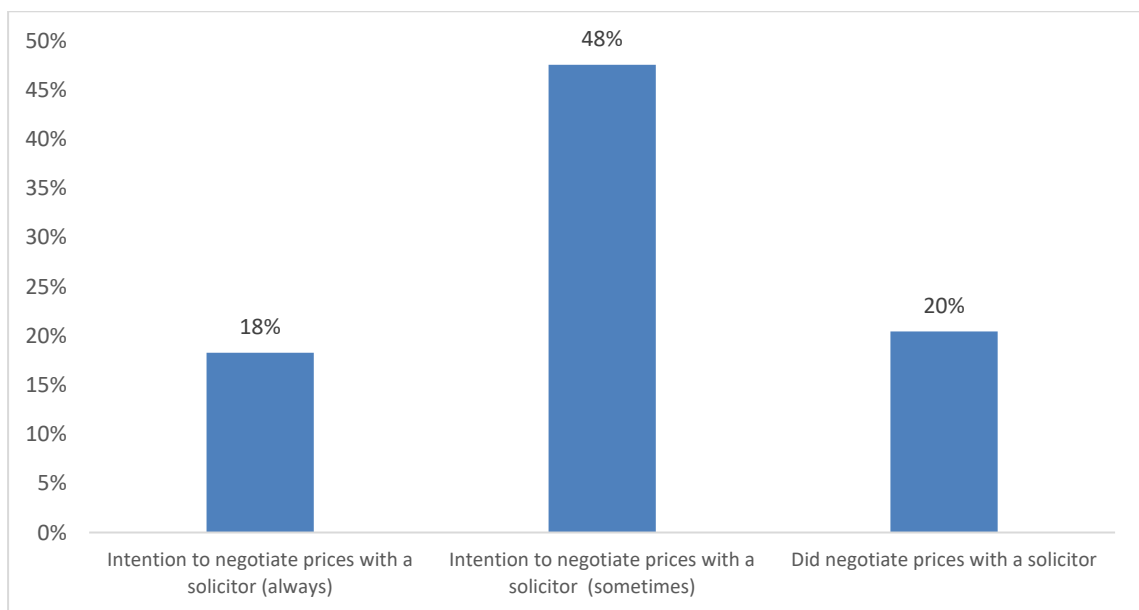
Figure 16: Stated intention to use a solicitor and actual use of a solicitor by size of small businesses



Sample size: Sole trader=394; 2 to 9 employees=278; 10 to 19 employees=152; 20 to 49 employees=179

There also appears to be a discrepancy between businesses' stated intention to negotiate prices with a solicitor and their actual behaviour. Figure 15 suggests that, in principle, the majority of businesses would negotiate prices (at least sometimes) when contacting a solicitor: 66% indicate an intention to negotiate, with 18% saying they would always negotiate. Yet in practice most businesses who reported taking advice from a solicitor did not attempt to negotiate on price. More specifically only 20% of those who reported taking advice from a solicitor did negotiate on price (see Figure 17). This percentage is similar to that of businesses stating that they would always negotiate prices (i.e. 18%), meaning that the 48% of businesses who say that they might sometimes negotiate price are unlikely to do so in reality.

Figure 17: Small businesses' stated intention to negotiate the price with a solicitor and percentage of small businesses that actually negotiated price when contacting a solicitor



Sample size: Intention to negotiate prices with a solicitor (always) and (sometimes)=1004; Did negotiate with a solicitor=377

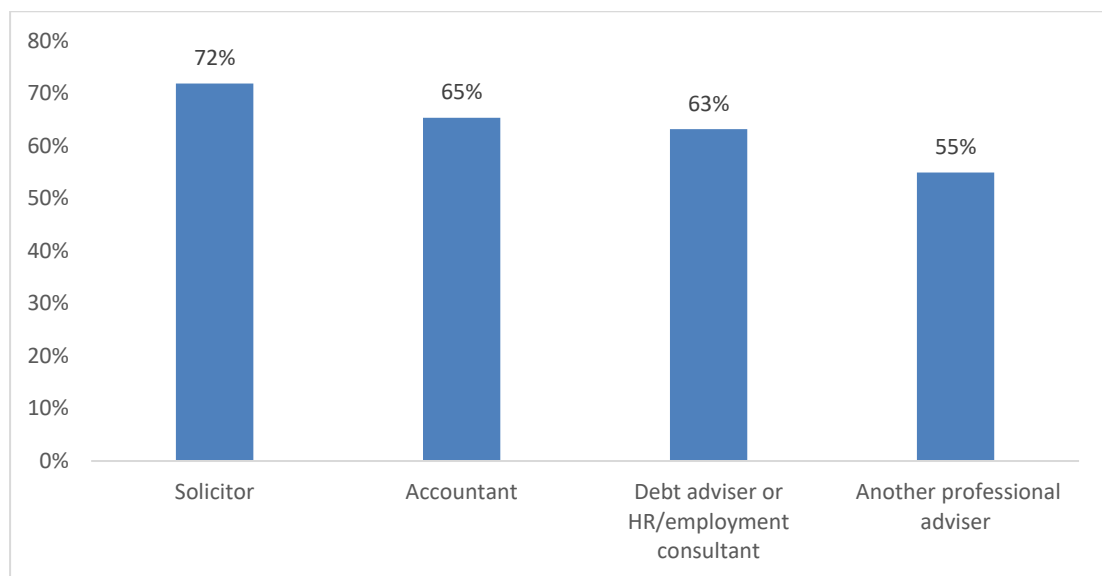
Interestingly, we found that businesses have a relatively accurate expectation on the cost of using solicitors as well as other professional advisers. More specifically, most small businesses:

- Have an expectation about cost to begin with.
- Receive quotes in line with their expectations.
- End up paying what they were quoted.

For example, more than 72% of businesses who used a solicitor to resolve a recent issue stated that before obtaining any price information, they had an expectation of how much the service would cost. Although that does mean that 28% of small businesses did not have an expectation of what the service would cost (see Figure 18).

Among businesses who used an accountant or a debt adviser / HR consultant, the percentage of those who had a cost expectation is slightly lower than among businesses who used a solicitor, but the difference is not statistically significant. However, among businesses who used another professional adviser the percentage of those who had a cost expectation (55%) was significantly less (in statistical terms) than among those who used the solicitor.

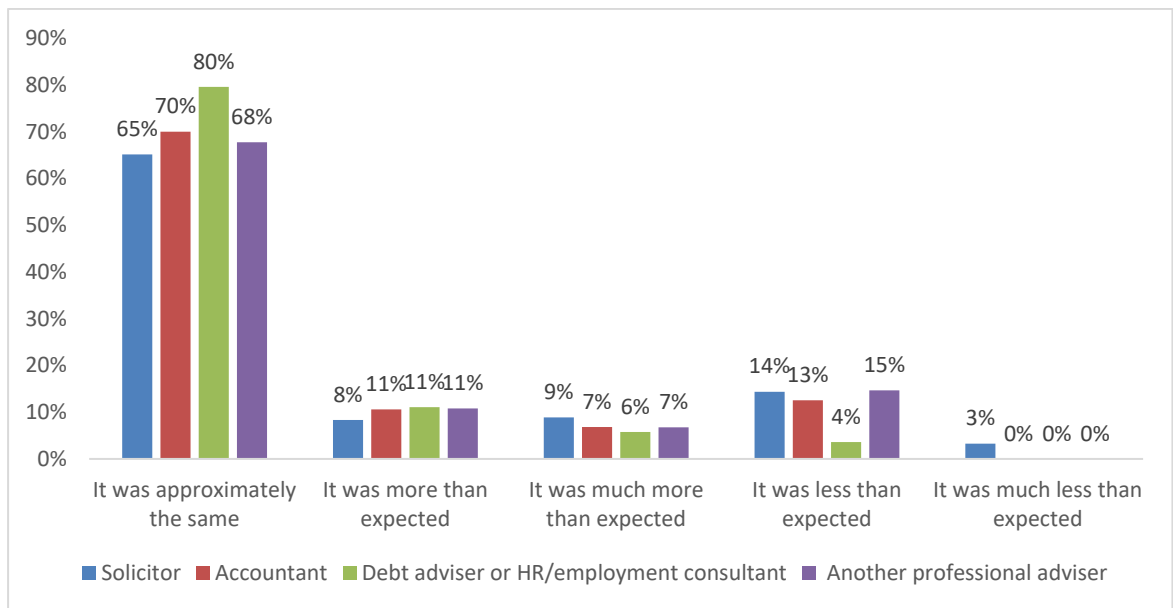
Figure 18: Percentage of small businesses who had cost expectations of using the provider they relied upon to resolve a legal issue in the recent past



Sample size: Solicitor=159; Accountant=69; Debt adviser or HR/employment consultant=84; Another professional adviser=78

Furthermore, the majority of businesses that had cost expectations received a quote that was in line with their expectations (see Figure 19). Those that received a quote from a debt adviser/HR consultant were more likely to receive a quote in line with their expectation, which suggests that businesses might have slightly more accurate expectations on the cost of using a debt adviser or HR consultant compared to other providers.

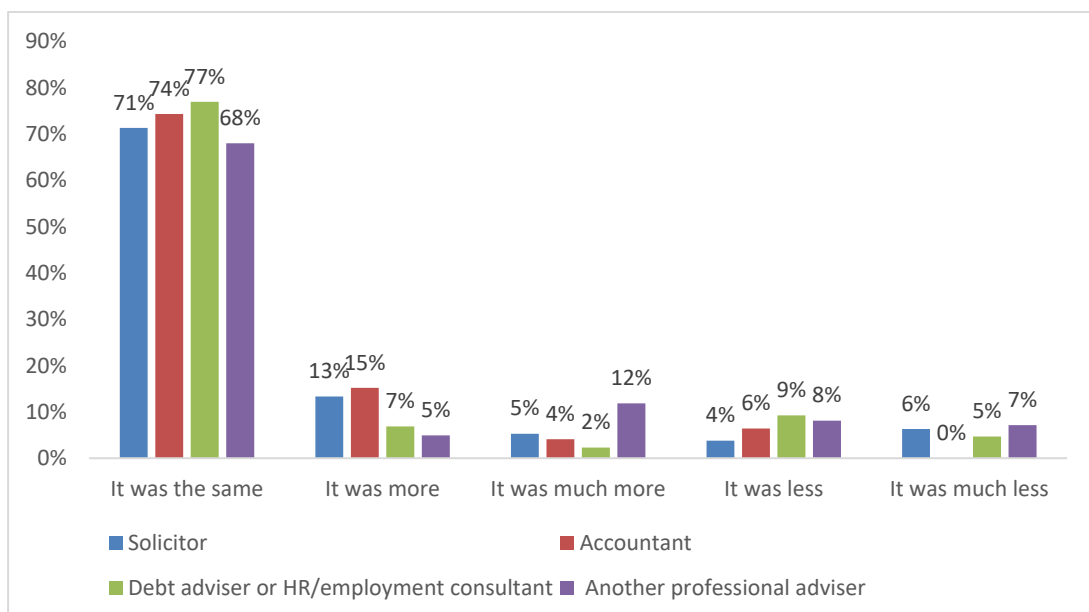
Figure 19: Percentage of small businesses that received a quote in line with their expectations



Sample size: Solicitor=114; Accountant=45; Debt adviser or HR/employment consultant=53; Another professional adviser=43

Finally, most small businesses paid the cost that they were quoted (see Figure 20). We can see from Figure 20 that the share of small businesses that end up paying the price quoted is slightly lower among those who used a solicitor (71%) than among those who used an accountant (74%) or a debt adviser /HR consultant (77%), but such differences are too small to be statistically significant.

Figure 20: Percentage of small businesses that paid a provider the same price that was quoted



Sample size: Solicitor=139; Accountant=54; Debt adviser or HR/employment consultant=80; Another professional adviser=65

We conclude this section by providing information on the reported actual costs incurred by small businesses that took advice from a professional service provider to resolve a debt recovery problem or employment-related issue in the recent past. The median costs small businesses stated they paid were used as the indicative prices displayed in the RCT. Outlier costs were removed, for example where the cost of the service was more than the debt amount recovered. The resulting median prices were:

- Solicitor: £500
- Debt recovery adviser: £430
- Accountant: £400.

The actual cost paid by small businesses confirms that solicitors tend to be more expensive than the other advisers. It is possible that this greater reported cost of using a solicitor is because solicitors can undertake more legal tasks than other advisers, such as representing a small business if the matter progresses to court.

The survey results presented in this section indicate that, whilst small businesses understand the value of the legal services and consider seeking advice from a solicitor when faced with a legal issue with a potentially substantial financial consequence, their reliance on solicitors' services is still relatively low. In addition to cost considerations, lack of price information and complexity of price information are the main perceived obstacles to using a solicitor. These are also mentioned as obstacles to accessing other professional advisers, but are perceived as being more of an issue for solicitors.

Therefore, price transparency could play an important role in increasing small businesses' access to solicitors. Small businesses indicated that they would spend more time searching the internet comparing different legal service providers if there was more easily accessible information available online, and they even stated they would be more inclined to contact a solicitor who publishes price information on their website.

This evidence was further explored and tested in our RCT, as detailed in Section 5.

5 RCT Findings

Key Findings

- There is evidence that increasing price transparency could win business for solicitors from alternative providers that do not publish their prices.
- When the solicitor is the only provider to publish prices they are the preferred provider for most small businesses, and the availability of clear price information is mentioned as the main motivation behind such preference.
- When price information is published by all providers and the amount of debt to be recovered is £5,000, the solicitor is broadly as popular as the other types of advisers. This is despite the solicitor being presented as the most expensive of the three options.
- There is a greater preference for the solicitor when the amount of debt to be recovered is larger. In fact, when the debt amount is £10,000 the solicitor remains the preferred option irrespective of how much price information is available and even if the solicitor is presented as the most expensive option.
- Greater price transparency tends to lead small businesses to revise their cost expectations down (by around 22% overall). The cost small businesses expected to pay to use a solicitor is lower if there is price information available about the solicitor, and it was lower still if price information about the other professional advisers was also available (even though the information available about the solicitor was the same in both scenarios).
- Small businesses that have used a solicitor in the recent past are more likely to prefer a solicitor, whilst small businesses that have used a debt recovery adviser are less likely to prefer a solicitor.
- The decision to use a solicitor does not appear to be affected by whether the small business has a longstanding relationship with an accountant
- The preferences of BAME small business owners/managers appear to be more sensitive to the amount of price information provided when deciding how to recover the smaller sum of debt (i.e. £5,000).
- Small business owners with some form of disability are more inclined to prefer a solicitor if this is the only provider to provide price information publicly.

5.1 Overview

The survey results presented in the previous section suggested that small businesses have a good handle on price. However, the survey findings also indicate that businesses value price transparency and there are a few instances where stated intentions and actions diverged (e.g. small businesses' claims that they would negotiate over prices do not align with their reported experience of using advisers, where they are much less likely to report having negotiated prices).

To this end, the main objective of the RCT³¹ was to test the extent to which the provision of price information affects small businesses' preferences across a predetermined set of professional service providers. As set out in Section 3, the specific context in which the trial was performed is one where businesses are faced with a hypothetical debt recovery problem, and where choice is limited to three types of service providers: a solicitor, a debt recovery adviser, and an accountant.

The potential influence of price information on the choice of provider has been tested by splitting the sample of respondents into three separate groups:

- Treatment 1 group: price information was provided for none of the providers.
- Treatment 2 group: price information was provided only for the solicitor.
- Treatment 3 group: price information was provided for all three providers.

The price information provided used prices that were informed by the responses that the small business owners/managers had given in the survey about the actual costs of using different advisers to recover debts. The median prices participants in the survey reported having paid for each of the professional service providers was £500 (solicitor), £430 (debt recovery adviser) and £400 (accountant).

To test the impact of price information we use Treatment 1 as a baseline group. We attempt to answer the following questions:

- Compared to a situation in which none of the providers publishes price information (i.e. Treatment 1), how do choices differ if price information becomes available only for the solicitor?

³¹ See paragraph 3.4.1 for a brief description of what an RCT is.

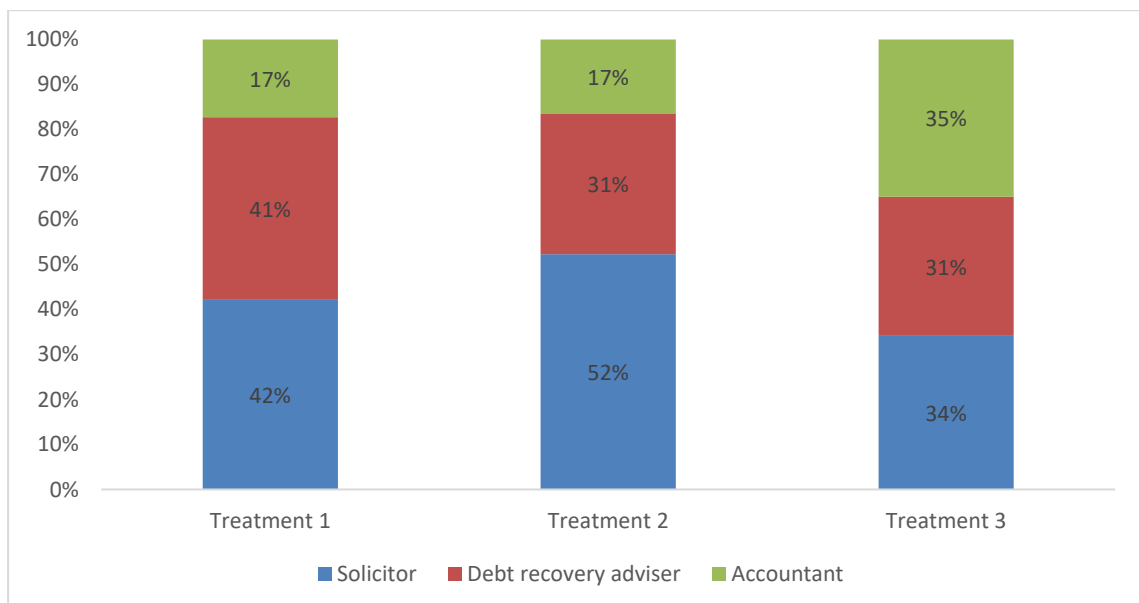
- Compared to a situation in which none of the providers publishes price information (i.e. Treatment 1), how do choices differ if price information becomes available for all providers?

Besides price information, there are a number of other factors that might influence small businesses' choices. Among these, two potentially important ones are the amount of debt to be recovered and the existence of a previous relationship with a provider.

5.2 Results for Scenario A – no previous relationship with the providers

In the chart below we report the percentage with which the three advisers were ranked first (i.e. they were considered to be the preferred choice) by respondents within each treatment group when the amount of debt to be recovered is £5,000.

Figure 21: Percentage of respondents who ranked each adviser first (when debt to be recovered is £5,000)



Sample size: Treatment 1 = 515; Treatment 2 = 507; Treatment 3 = 492

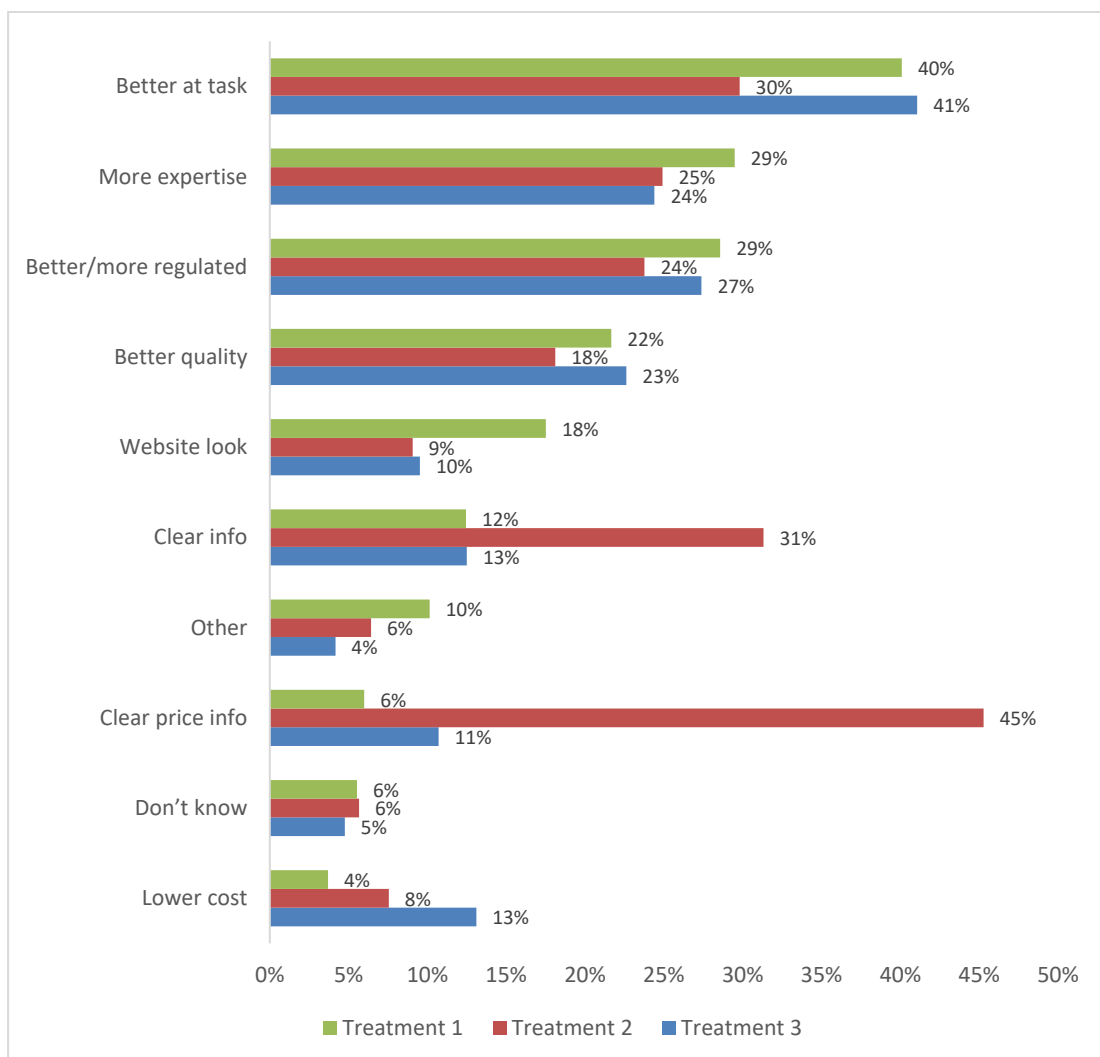
We can see that, when price information was not available for any of the providers (Treatment 1), the solicitor was the preferred choice of the majority of respondents, but by a small margin (in Treatment 1, 42% of small businesses ranked the solicitor first). The preference for the debt recovery adviser was similar (in Treatment 1, 41% of small businesses ranked the debt recovery adviser first), whilst fewer businesses (only 17%) indicated the accountant as their preferred choice.

In a situation where only the solicitor published price information (Treatment 2), the preference towards the solicitor became significantly more marked compared to the baseline case of no price information (Treatment 1). In fact, in Treatment 2, more than half of the businesses (52%) indicated the solicitor as their preferred choice, up from 42% when there was no price information available. Such a change in preferences goes mainly at the expense of the debt recovery adviser (only 31% of respondents ranked the debt recovery adviser first in Treatment 2, compared to the 41% observed in Treatment 1). The preference for the accountant remained relatively constant in the two treatments.

When price information was available for all providers (Treatment 3), the preferences became much more uniform across the three advisers. The accountant became the preferred choice for the majority of small businesses (35% of businesses ranked the accountant first in Treatment 3), closely followed by the solicitor (34% of businesses indicated the solicitor as their preferred option in Treatment 3) and the debt recovery adviser (preferred by 31% of respondents in Treatment 3). It is important to remember that in the RCT the accountant is presented as the cheapest of the three options and the solicitor is the most expensive, consistent with the findings from the survey.

In order to gain more insights into the motivations behind the changes in preferences observed across the three treatments, we provide below results concerning the reasons why businesses chose the provider they did.

Figure 22: Reasons for preferring the solicitor (when debt to be recovered is £5,000)

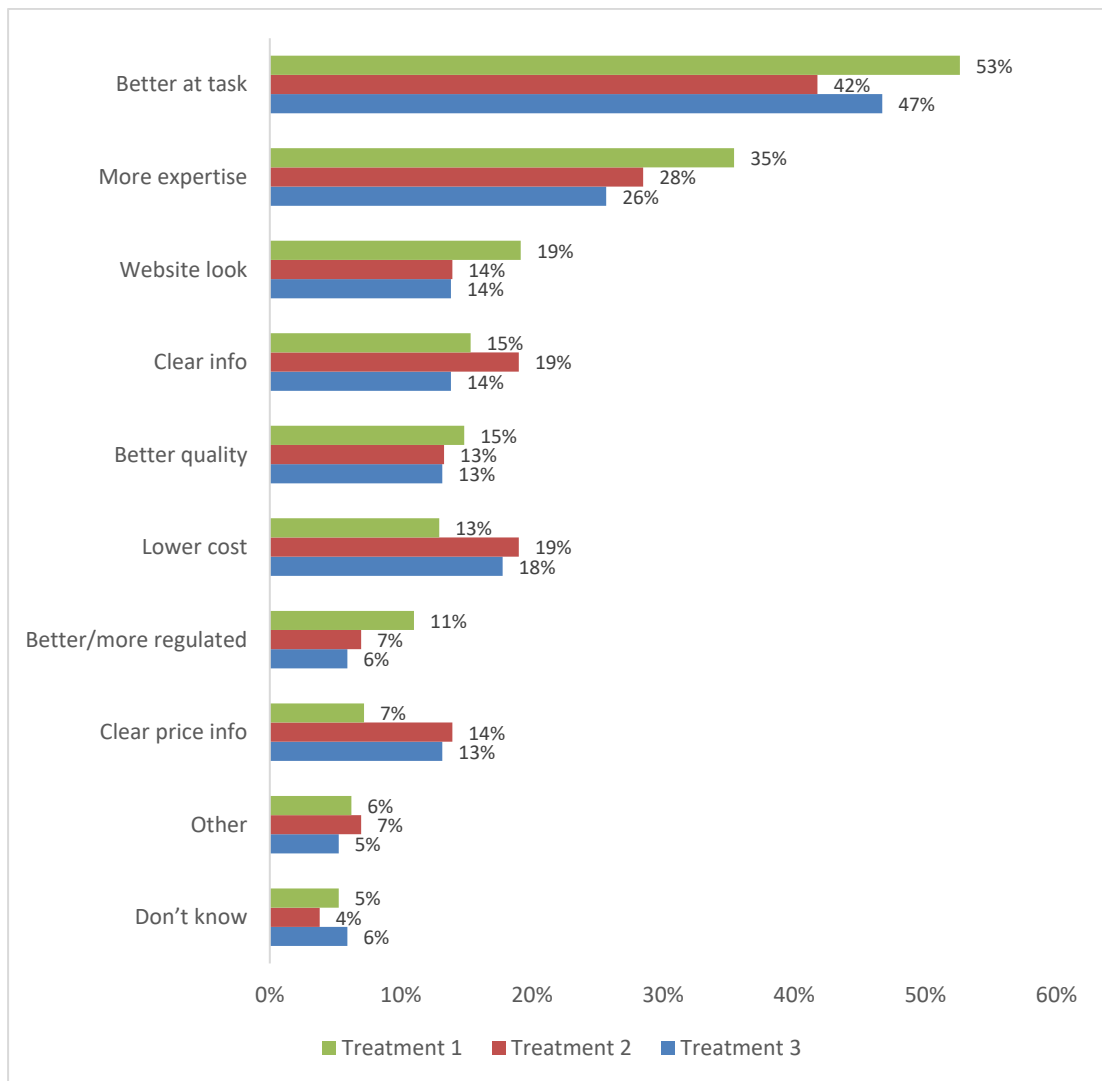


Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size: Treatment 1 = 217 Treatment 2 = 265 Treatment 3 = 168

We see from Figure 22 that, when the amount of price information provided by the three providers was the same (i.e. in Treatment 1 and Treatment 3), the main reason for preferring the solicitor is the belief that they are better suited to perform the debt recovery task (this was mentioned as a reason for choosing the solicitor by 40% of small businesses who ranked the solicitor first in Treatment 1, and 41% of them who ranked the solicitor first in Treatment 3). However, when the solicitor is the only adviser publishing price information (Treatment 2), price transparency becomes the main reason for preferring the solicitor (45% of respondents who ranked the solicitor first in Treatment 2 mentioned the presence of clear price information as a reason for this preference).

Figure 23: Reasons for preferring the debt recovery adviser (when debt to be recovered is £5,000)

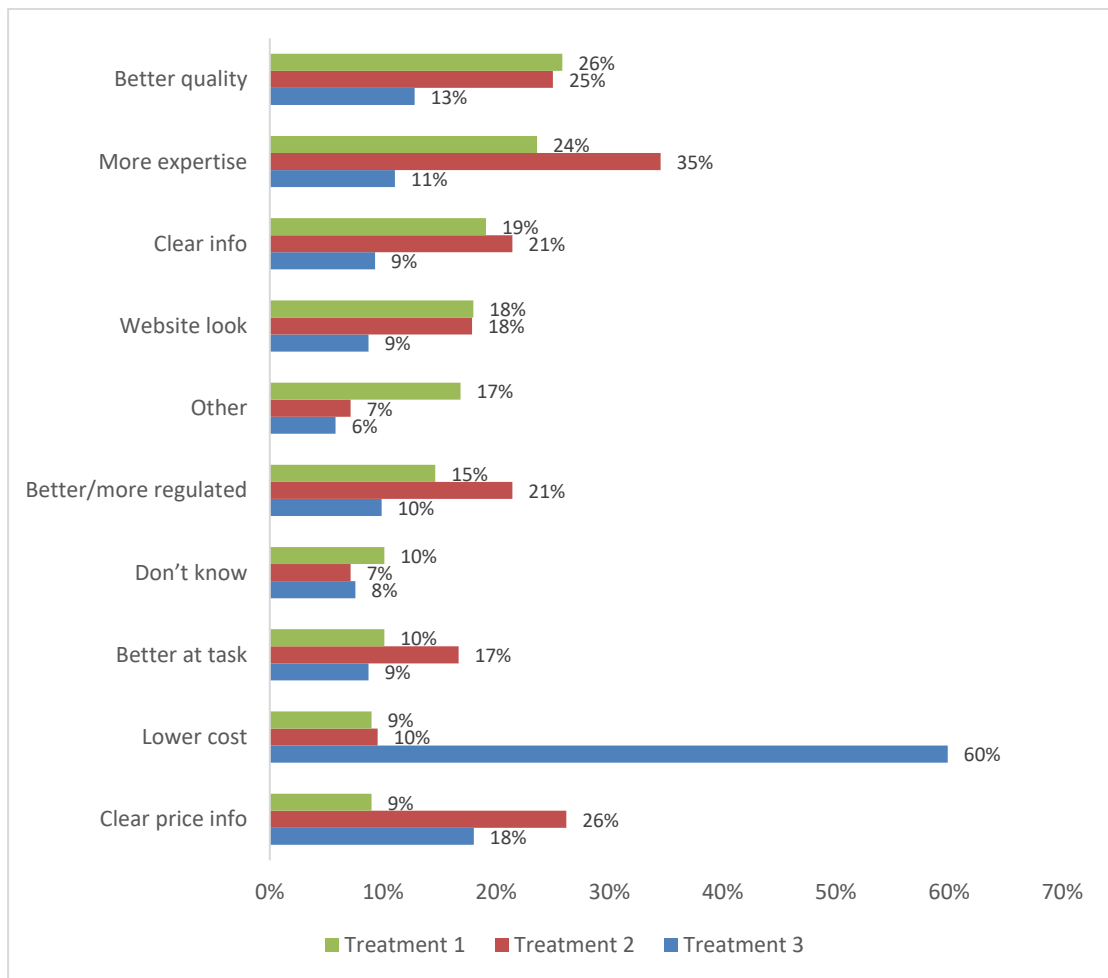


Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size: Treatment 1 = 209 Treatment 2 = 158 Treatment 3 = 152

As we can see in Figure 23, among small businesses that ranked the debt recovery adviser first, the reason most frequently mentioned for doing so is the perception that they were better suited for the debt recovery task (this motivation was mentioned by 53%, 42% and 47% of small businesses respectively in Treatment 1, Treatment 2 and Treatment 3).

Figure 24: Reasons for preferring the accountant (when debt to be recovered is £5,000)



Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

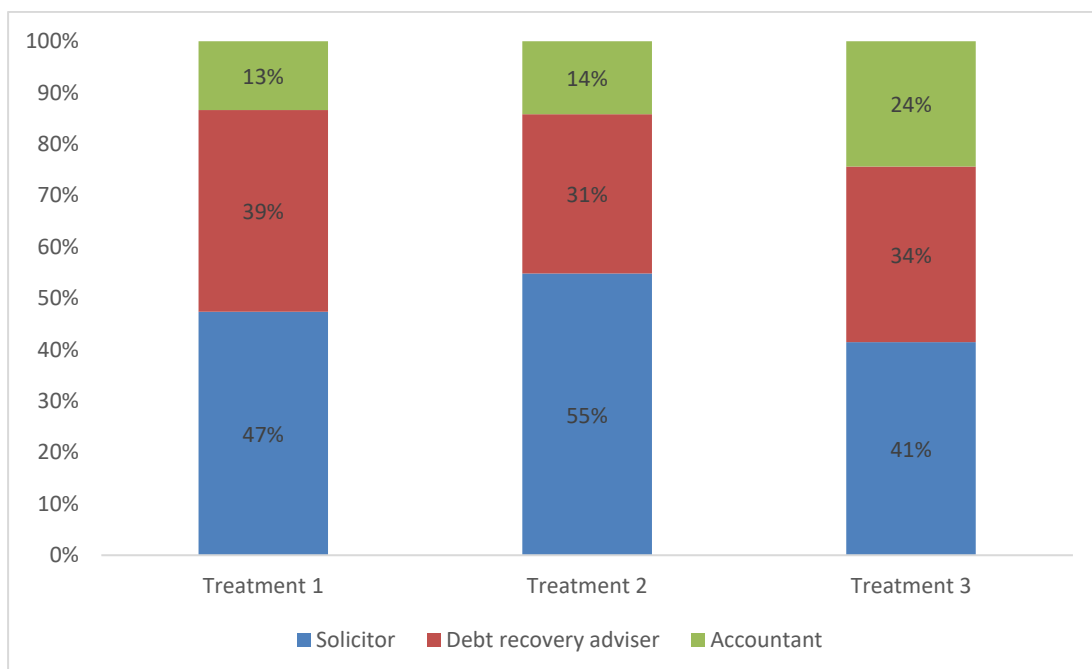
Sample size Treatment 1 = 89 Treatment 2 = 84 Treatment 3 = 172

From Figure 24, we can say that, compared to the solicitor and the debt recovery adviser, the reasons for preferring the accountant are more diverse. The only motivation that stands out as being significantly more important than the other is the lower cost of the accountant in Treatment 3 (60% of small businesses that ranked the accountant first in Treatment 3 stated that they did so on the basis that the accountant is cheaper than the other providers).

5.3 Results when debt to be recovered is larger

The results provided so far concern businesses' preferences in a situation in which the amount of debt to be recovered is £5,000. Businesses' preferences when the amount of debt to be recovered is £10,000 are presented below.

Figure 25: Percentage of advisers ranked first (when debt to be recovered is £10,000)



Sample size: Treatment 1 = 515; Treatment 2 = 507; Treatment 3 = 492

The findings illustrated in Figure 25 are broadly consistent with those of Figure 21: when the solicitor was the only provider to publish price information (Treatment 2) the share of businesses who ranked them first increased (relative to Treatment 1), whilst the share of businesses who chose the solicitor as the preferred option decreased (relative to Treatment 1) if prices were available for all providers (Treatment 3). However, compared to the case in which the amount of debt to be recovered is £5,000, Figure 25 indicates a greater preference for the solicitor. In fact, when the debt amount is £10,000 the solicitor remains the preferred option across all treatment groups. This result suggests that small businesses' preference for solicitors is greater when the amount of debt to be recovered is larger.

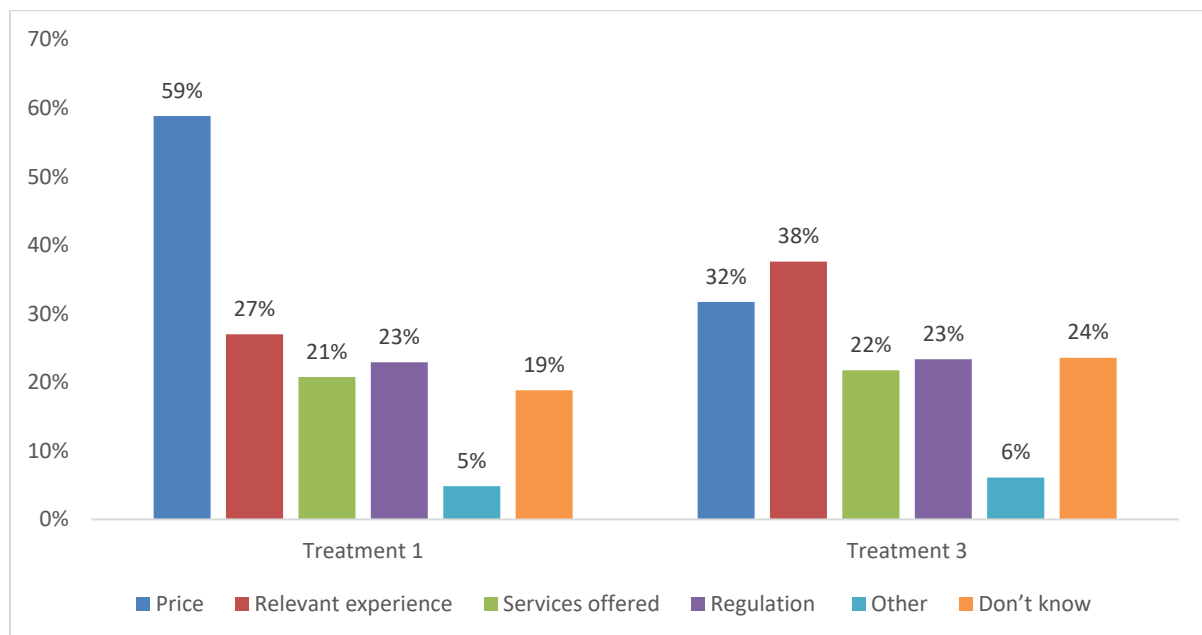
In summary:

- There is evidence that increasing price transparency could win business for solicitors from alternative providers, such as debt recovery advisers, when the other advisers do not publish prices. In fact, in Treatment 2 the solicitor was the preferred provider for most businesses and the availability of clear price information was mentioned as the main motivation behind such preference.
- When price information was published by all providers and the amount of debt to be recovered was £5,000, the solicitor was broadly as popular as the other types of advisers. This is despite the solicitor being presented as the most expensive of the three options.

- There was a greater preference for the solicitor when the amount of debt to be recovered was larger. In fact, when the debt amount was £10,000 the solicitor remained the preferred option irrespective of how much price information was available across the providers.

Small businesses consider the availability of price information very important. As we can see from Figure 26, when price information was completely absent (Treatment 1), around 60% of respondents would like to see more price information, whereas the percentage of businesses that would like to see more price information decreases to 32% when some price information was available for all providers (Treatment 3). It is also important to notice that businesses' desire for price information is substantial even when some price information is provided by all providers (e.g. even in Treatment 3, 32% of respondents would like to have more price information).

Figure 26: Percentage of respondents who would like to see more information on certain sections of the website (across all providers)

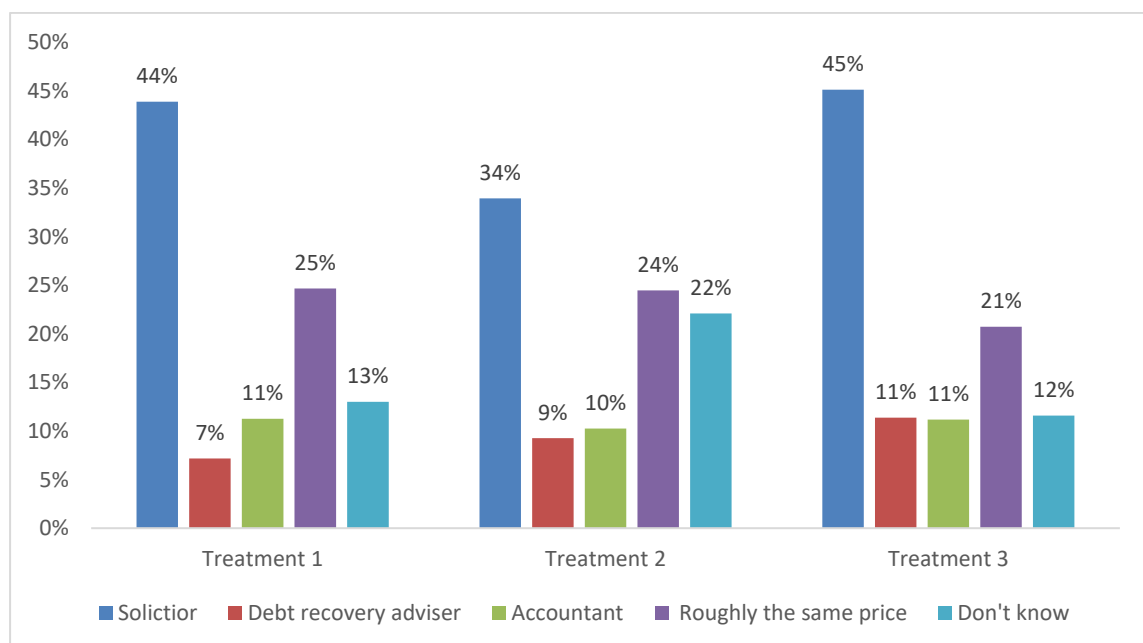


Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Sample size: Treatment 1 = 515 Treatment 3 = 492

The degree of price transparency also appears to play a role in small businesses' perception of costs. As we can see in Figure 27, the solicitor is perceived as being the most expensive provider irrespective of the amount of price information available. However, when the solicitor was the only provider to publish price information (Treatment 2) the perception that they were the most expensive was less marked (in Treatment 2 the percentage of respondents who believed that the solicitor was the most expensive provider was 34%, compared to 44% in Treatment 1 and 45% in Treatment 3).

Figure 27: Percentage of respondents who believe that a provider would be the most expensive overall to recover a debt of £5,000

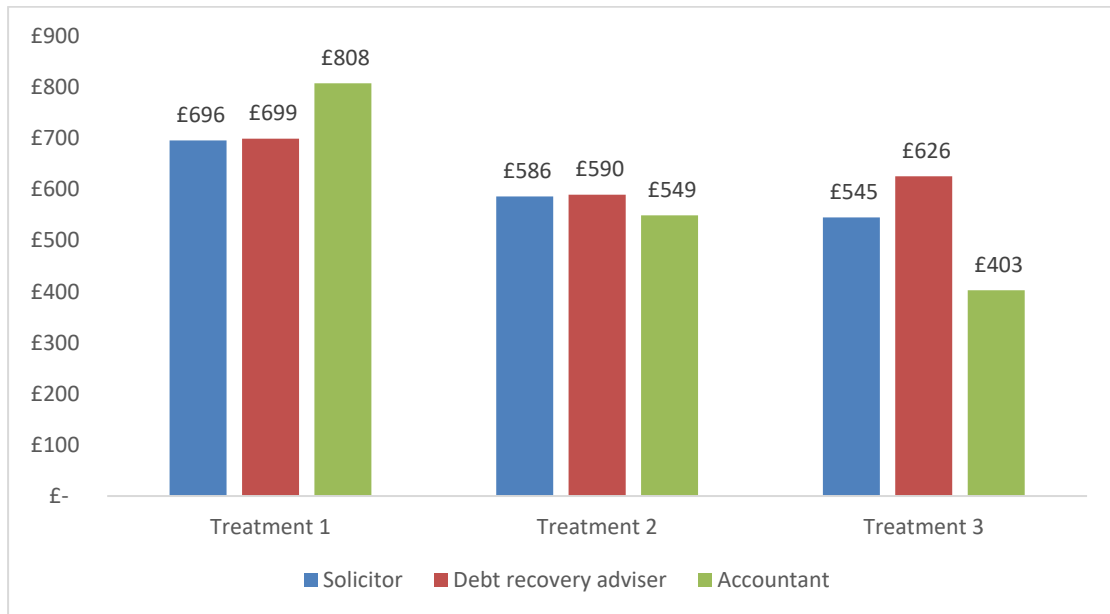


Sample size: Treatment 1 = 515 Treatment 2 = 507 Treatment 3 = 492

More generally, the availability of price information appears to lead to a downward revision of cost expectations. Small businesses were asked to provide an estimate of the overall cost they would expect to pay the provider they indicated as their preferred choice. The average cost businesses expected to pay their preferred provider in order to recover a debt of £5,000 and £10,000 are reported in Figure 28 and Figure 29 below.³²

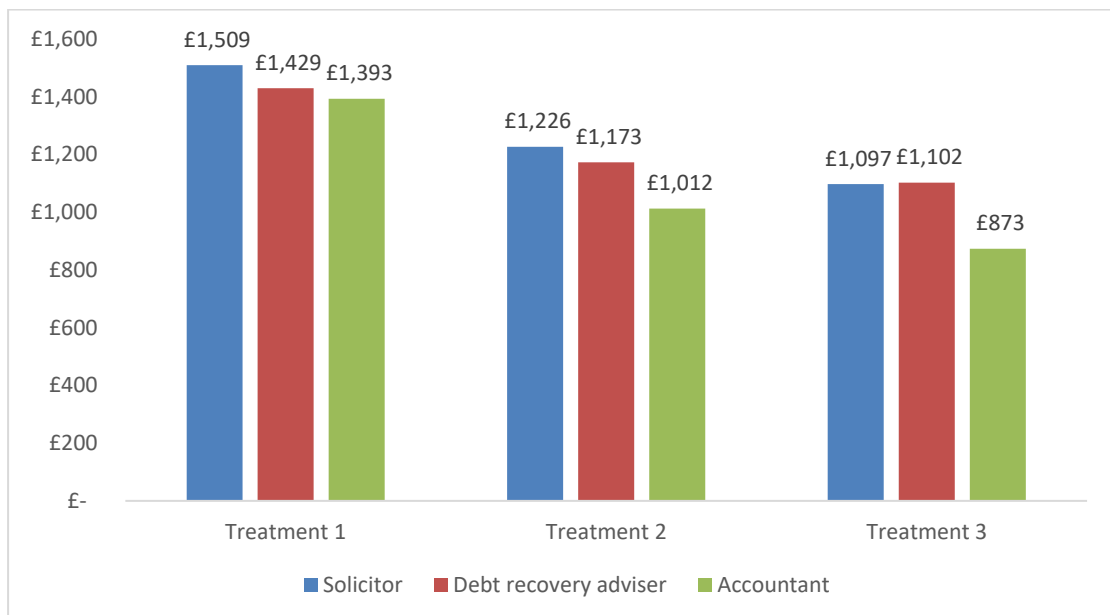
³² Some of the figures reported by respondents were clear outliers. Therefore, the average amount reported are based on figures truncated at £5,000 (in Figure 28) and £10,000 (Figure 29).

Figure 28: Average amount (£) businesses expect to pay their preferred provider to recover a debt of £5,000.



Sample sizes: Average costs are based on the following sample sizes: Treatment 1: Solicitor = 212, Debt recovery adviser = 202, Accountant = 88; Treatment 2: Solicitor = 259, Debt recovery adviser = 155, Accountant = 81; Treatment 3: Solicitor = 88, Debt recovery adviser = 81, Accountant = 167;

Figure 29: Average amount (£) businesses expect to pay their preferred provider to recover a debt of £10,000.

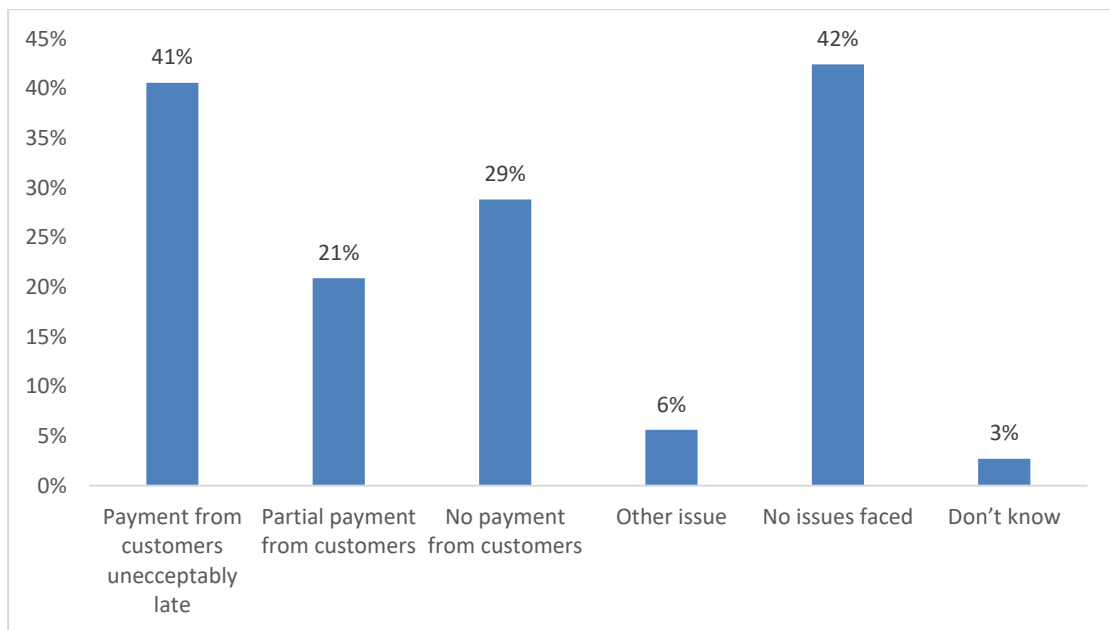


Sample sizes: Average costs are based on the following sample sizes: Treatment 1: Solicitor = 240, Debt recovery adviser = 199, Accountant = 68; Treatment 2: Solicitor = 275, Debt recovery adviser = 153, Accountant = 71; Treatment 3: Solicitor = 203, Debt recovery adviser = 166, Accountant = 117;

We see from Figure 28 and Figure 29 that the more price information was included in the RCT, the lower the price expectations.

After the RCT we asked respondents whether their businesses had faced debt recovery issues in the past and, if so, how the most recent issue was addressed. As we can see from Figure 31, most small businesses had faced some sort of issue in the past (the most common being a late payment from customers), but a substantial number of them (42%) had not faced any issues.

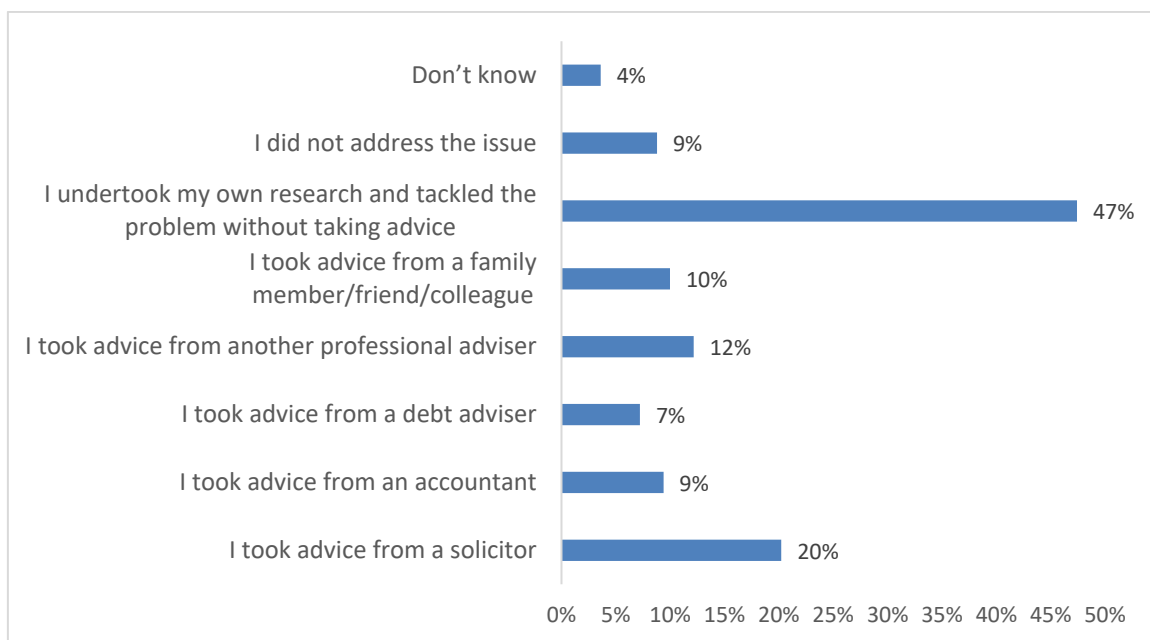
Figure 30: Debt recovery issues faced by businesses in the past



Sample size: 1514; Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Among those small businesses who faced an issue, 47% decided to tackle the problem on their own, 20% took advice from a solicitor, 9% from an accountant and 7% from a debt recovery adviser.

Figure 31: How the issues were addressed by businesses who faced an issue in the past

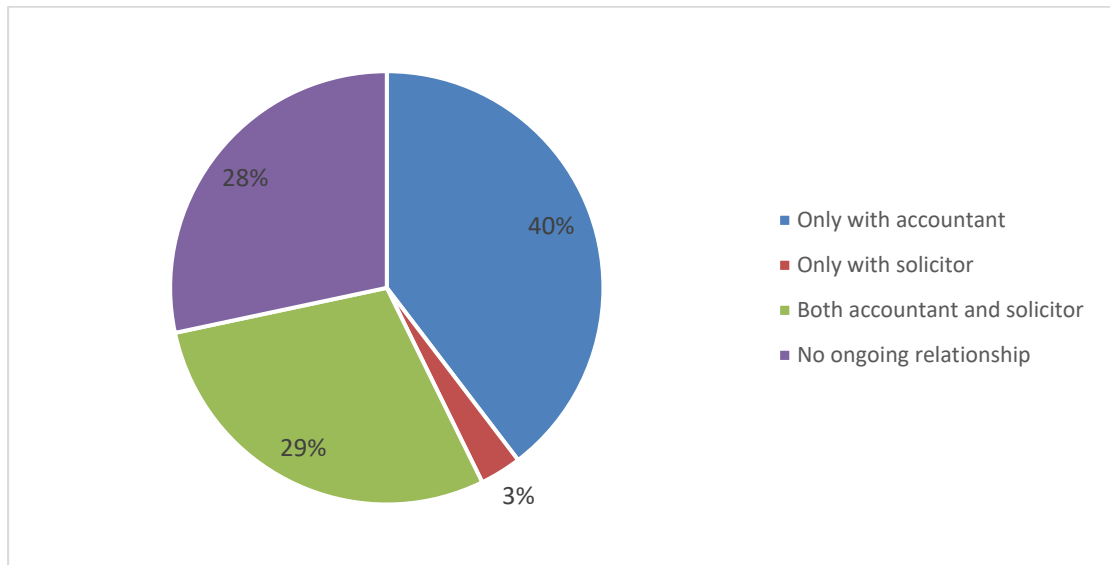


Sample size: 831

It is possible that previous experience with the use of a provider might bias small businesses' preference towards a particular adviser. In order to assess whether this is the case we have conducted a series of statistical tests (see Appendix). These indicate that having taken advice from a solicitor in the recent past is statistically associated with a higher propensity to rank the solicitor first in the RCT, whilst having taken advice from a debt recovery adviser is statistically associated with a lower propensity to rank the solicitor first. These tests also indicate that having taken advice from an accountant does not have a statistically significant impact on preferences.

Another aspect that might skew businesses' preferences towards a specific adviser is the presence of an ongoing relationship with an adviser. Amongst the RCT participants in Scenario A, around 40% had an ongoing relationship with an accountant, around 29% had an ongoing relationship with both an accountant and a solicitor, whilst only 3% had an ongoing relationship only with a solicitor. The remaining 28% of businesses in the RCT did not have an ongoing relationship with either an accountant or a solicitor (see Figure 32).

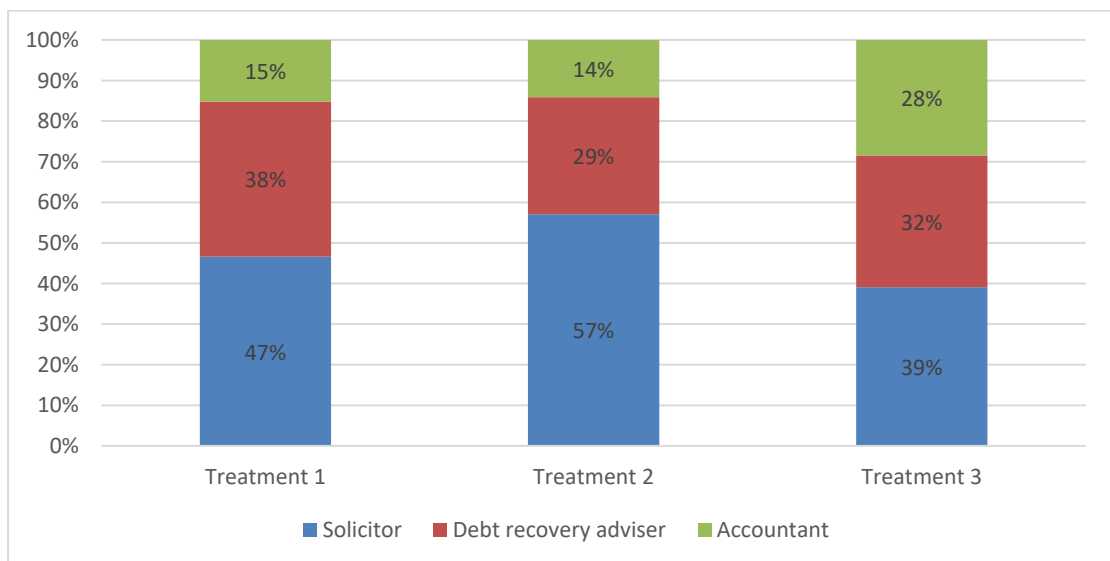
Figure 32. Percentage of small businesses that had an ongoing relationship with an accountant and/or a solicitor



Sample size: 1514

The statistical tests that we have conducted (see Appendix) suggest that businesses who had an ongoing relationship with a solicitor were more likely to choose the solicitor as their preferred provider to recover a debt of £5,000. For example, (as we can see in Figure 33), among businesses that had an ongoing relationship with a solicitor, the percentage of those who ranked the solicitor first in each Treatment group is approximately 5% higher than within the general population (i.e. as indicated in Figure 21).

Figure 33: Percentage of advisers ranked first (when debt to be recovered is £5,000) by businesses who have an ongoing relationship with a solicitor



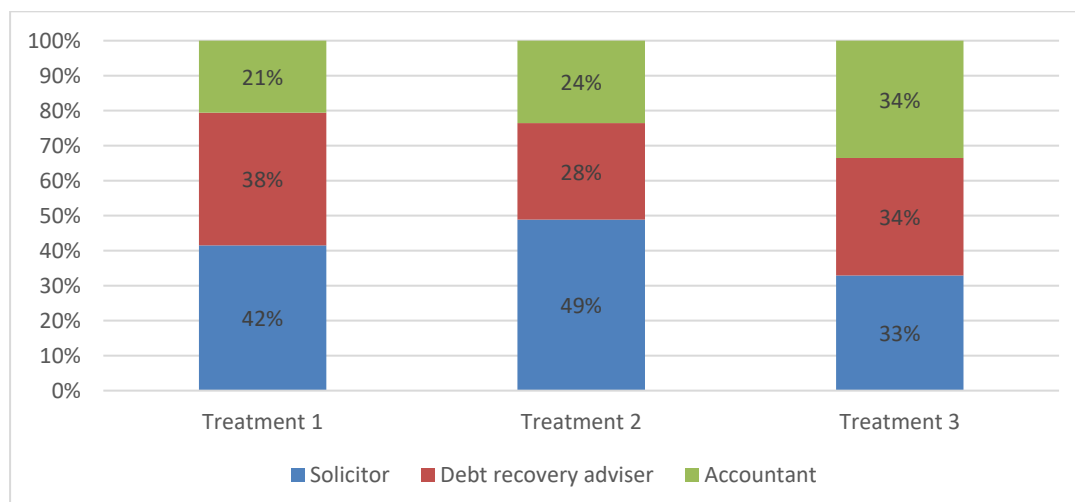
Sample size: Treatment 1=178; Treatment 2 = 156; Treatment 3 =151

5.4 Results for Scenario B – previous relationship with the accountant

We present here the key results obtained from Scenario B, where RCT participants were asked to choose between the three providers assuming that they already had a longstanding relationship with the accountant. As can be seen from Figure 34, when the debt to be recovered is £5,000, the main results around the impact of price transparency remain unchanged: the number of businesses who ranked the solicitor first increases in Treatment 2 and decreases in Treatment 3. The main difference is that the percentage of businesses who preferred the accountant in Treatments 1 and 2 (where there was no price information available about the accountant), was higher in Scenario B than in Scenario A, i.e. when they were assumed to have a longstanding relationship with the accountant.

More specifically, under Treatment 1, the share of small businesses who preferred the accountant in Scenario B, was 21 percent (compared to 17 in Scenario A) and under Treatment 2 the share of businesses who preferred the accountant in Scenario B was 24% (compared to 16% in Scenario A). Such differences are statistically significant. The difference between the two scenarios under Treatment 3, however, is too small to be statistically significant. This result suggests that transparency on the part of all providers might overcome the relationship biases. We have also investigated whether the results presented in Figure 34 differ if we restrict the analysis to include only those businesses who have an actual relationship with an accountant outside the trial scenario. The results for this restricted sample are almost identical to those presented in Figure 34, i.e., across the three treatments, the accountant is the preferred choice for 22%, 23% and 34% of those who have a relationship with the accountant. These differences are not significantly different (in statistical terms) from those of reported in Figure 34.

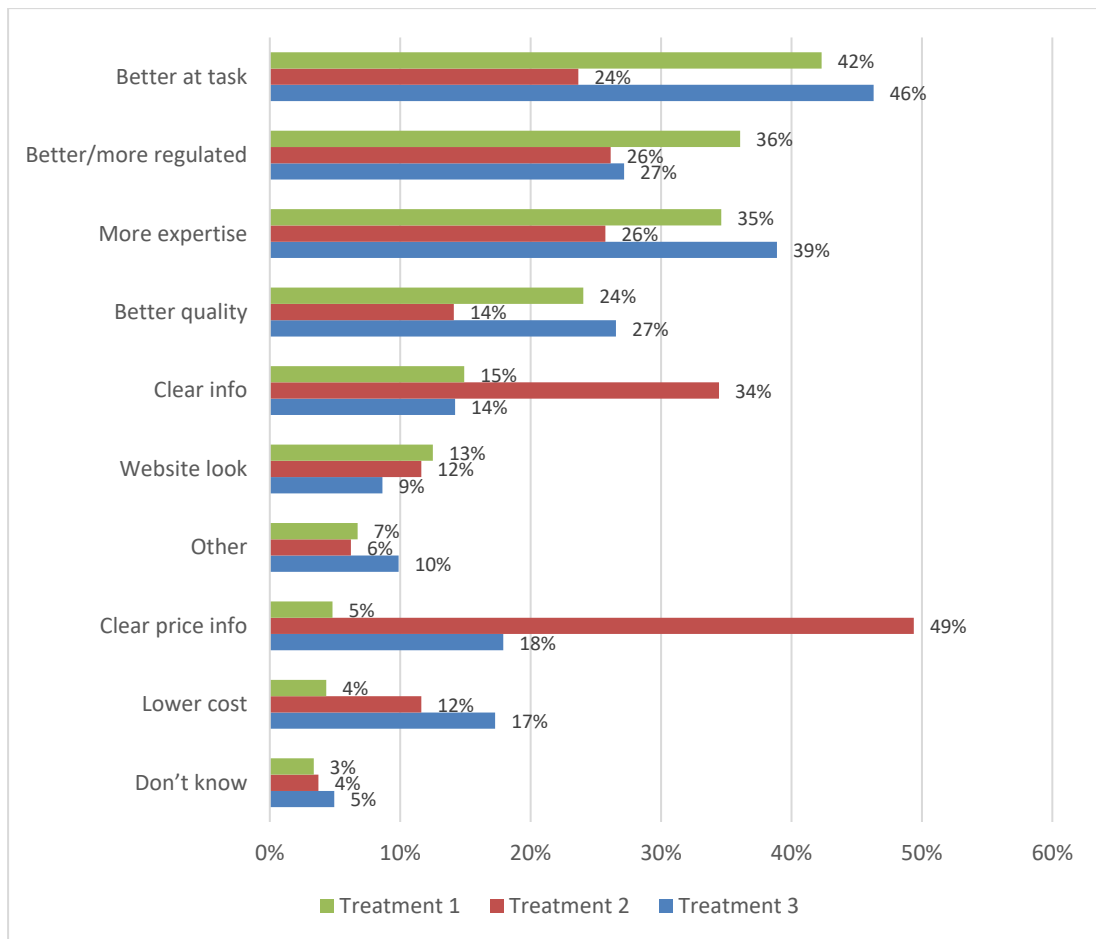
Figure 34: Percentage of respondents ranking advisers first (when debt to be recovered is £5,000)



Sample size: Treatment 1= 501; Treatment 2 = 493; Treatment 3=492

In order to gain more insights into what drives small businesses' preferences we provide below results concerning the reasons why businesses preferred a given provider.

Figure 35: Reasons for preferring the solicitor (when debt to be recovered is £5,000)

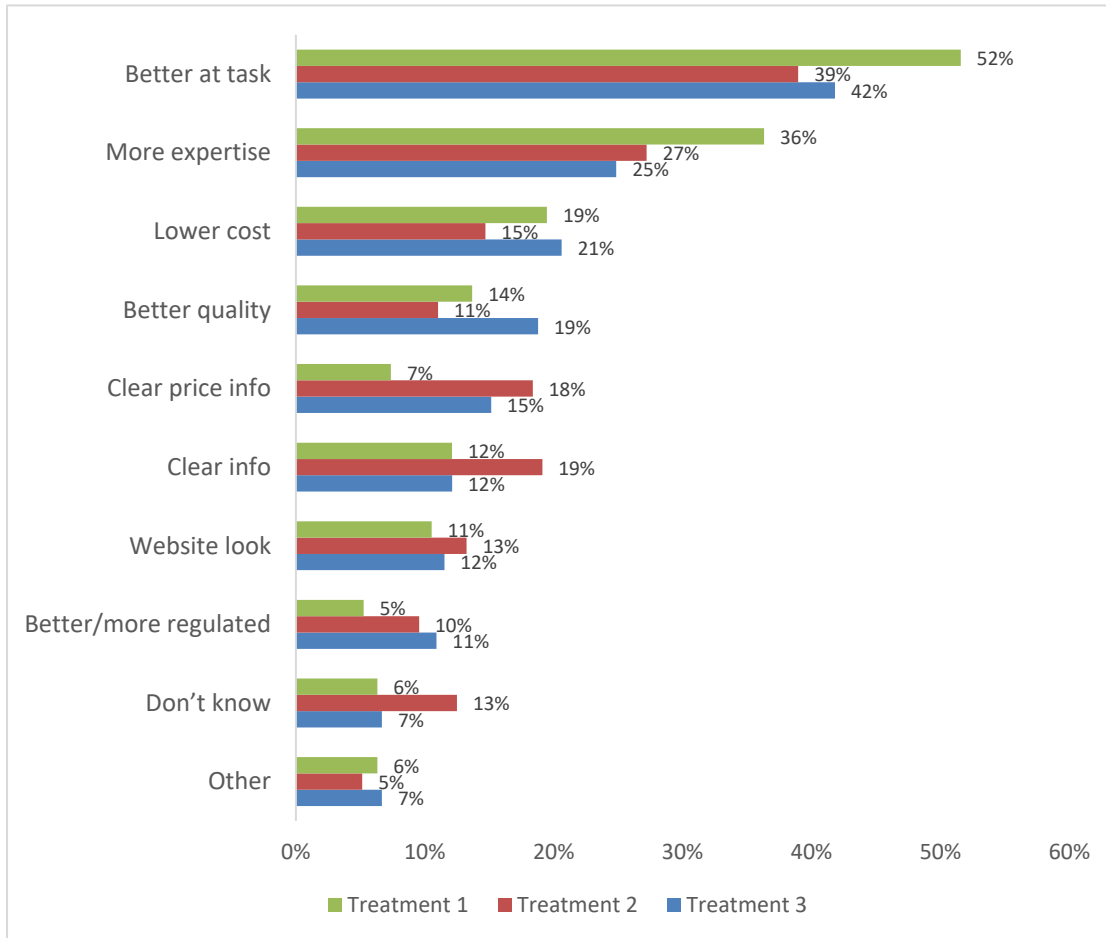


Sample size: Treatment 1= 208; Treatment 2 = 241; Treatment 3=162

The results depicted in Figure 35 confirm those we found under Scenario A. More specifically, when the amount of price information provided by the three providers is the same (i.e. in Treatment 1 and Treatment 3) the main reason for preferring the solicitor was the belief that they are better suited to perform the debt recovery task. However, when the solicitor was the only adviser publishing price information (Treatment 2), price transparency became the main reason for preferring the solicitor (49% of respondents who ranked the solicitor first in Treatment 2 said the presence of clear price information was a reason for this preference).

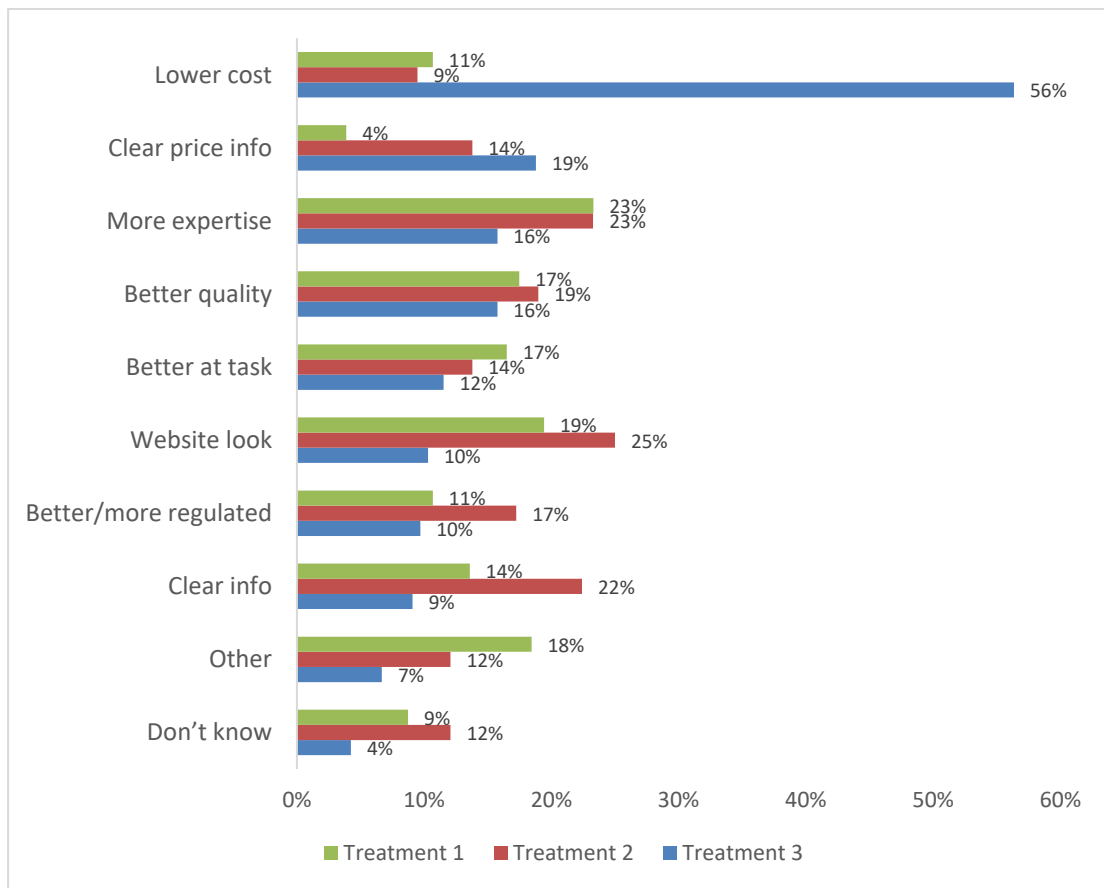
Below, we provide charts indicating the reasons for preferring the debt recovery adviser and the accountant. The results here are also consistent with those observed in Scenario A - i.e. the reason most frequently mentioned for choosing the debt recovery adviser was the perception that this adviser was better suited for the debt recovery task, and the single motivation that stood out as being more important for choosing the accountant was their lower cost in Treatment 3.

Figure 36: Reasons for preferring the debt recovery adviser (when debt to be recovered was £5,000)



Sample size: Treatment 1= 190; Treatment 2 = 136; Treatment 3=165

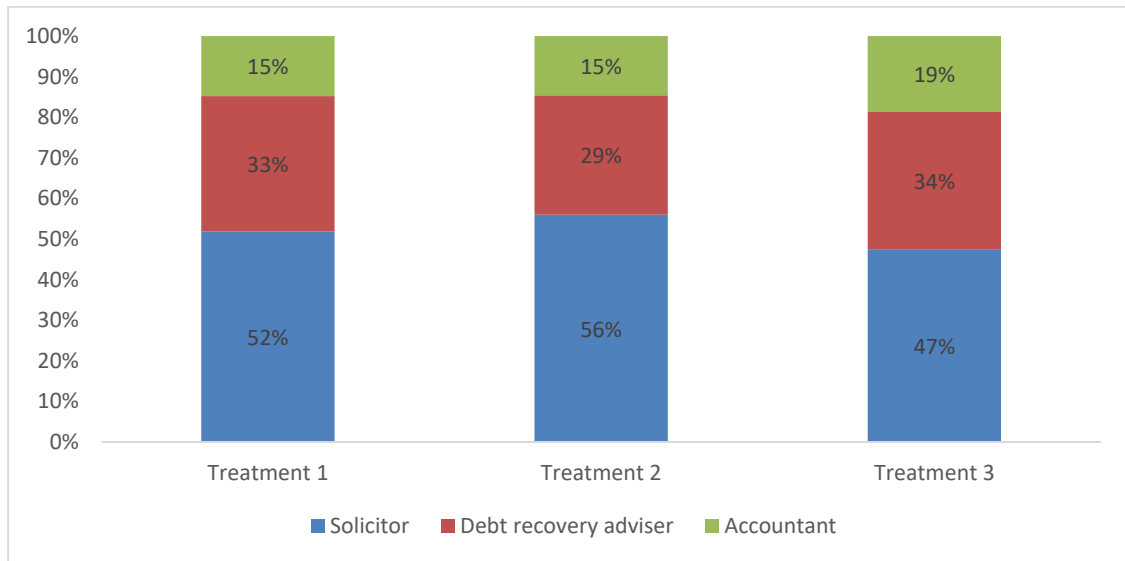
Figure 37: Reasons for preferring the accountant (when debt to be recovered was £5,000)



Sample size: Treatment 1= 103; Treatment 2 = 116; Treatment 3=165

When the amount of debt to be recovered was £10,000, businesses' preferences across the three treatment groups appeared to change only marginally (see Figure 38 below). Whilst we still observe a slight increase in the number of small businesses that prefer the solicitor in Treatment 2 and a small decrease in such number in Treatment 3, these differences are not large enough to be statistically significant (see Appendix). Therefore, in Scenario B and when the amount of debt to be recovered was £10,000, price transparency does not appear to be correlated with a statistically significant change in preferences. However, consistent with what we already observed in Scenario A, we can see that as the amount of debt to be recovered increases so does the preference for the solicitor.

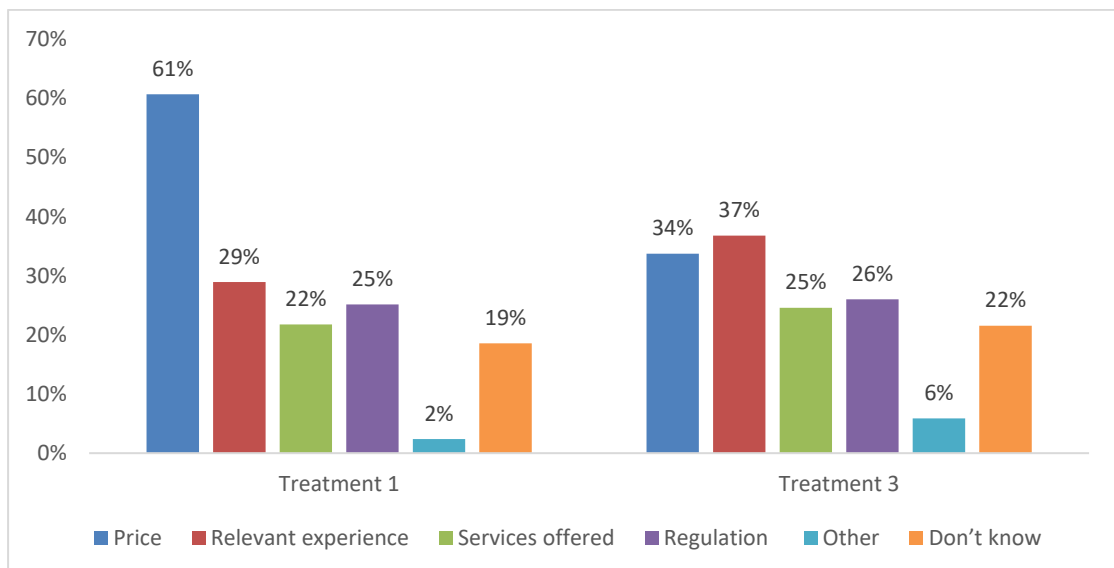
Figure 38: Percentage of respondents ranking advisers first (when debt to be recovered was £10,000)



Sample size: Treatment 1 = 501; Treatment 2 = 493; Treatment 3 = 492

Similarly to Scenario A when price information is available for all providers (Treatment 3) the percentage of respondents who would like to see more price information on the provider’s website decreases significantly (see Figure 39).

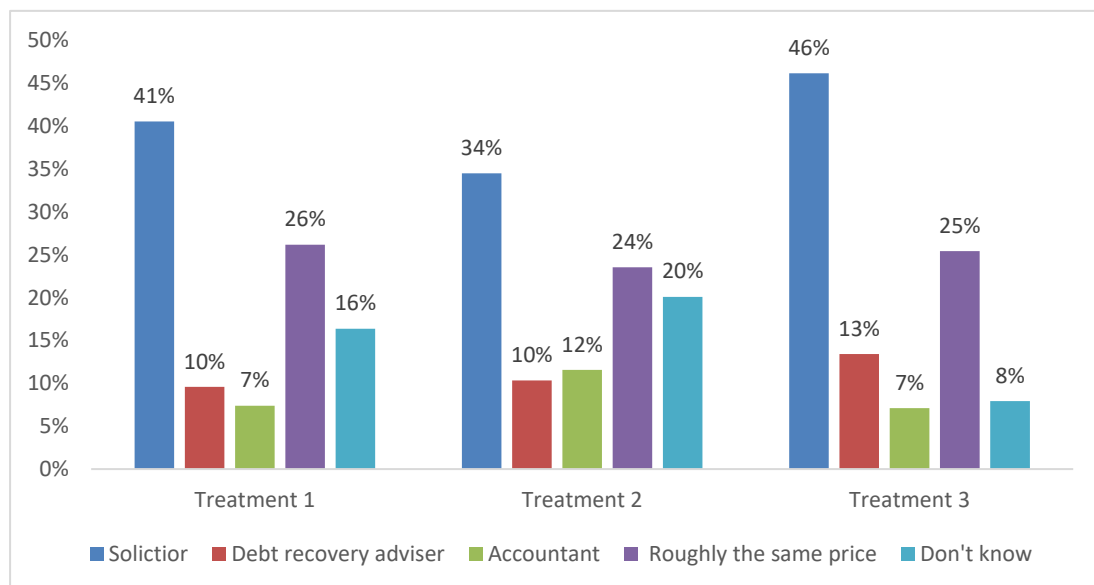
Figure 39: Percentage of respondents who would like to see more information on certain sections of the website



Sample size: Treatment 1 = 501 Treatment 2 = 493 Treatment 3 = 492

The degree of price transparency appears to also play a role in small businesses' perception of the costs. As we can see in Figure 40, the solicitor was perceived as being the most expensive provider irrespective of the amount of price information available. However, when the solicitor was the only provider to publish price information (Treatment 2) they were less likely to be perceived as the most expensive (in Treatment 2 the percentage of respondents who believed that the solicitor was the most expensive provider was 34%, compared to a 41% in Treatment 1 and 46% in Treatment 3).

Figure 40: Percentage of respondents who believed that a provider would be the most expensive overall to recover a debt of £5,000

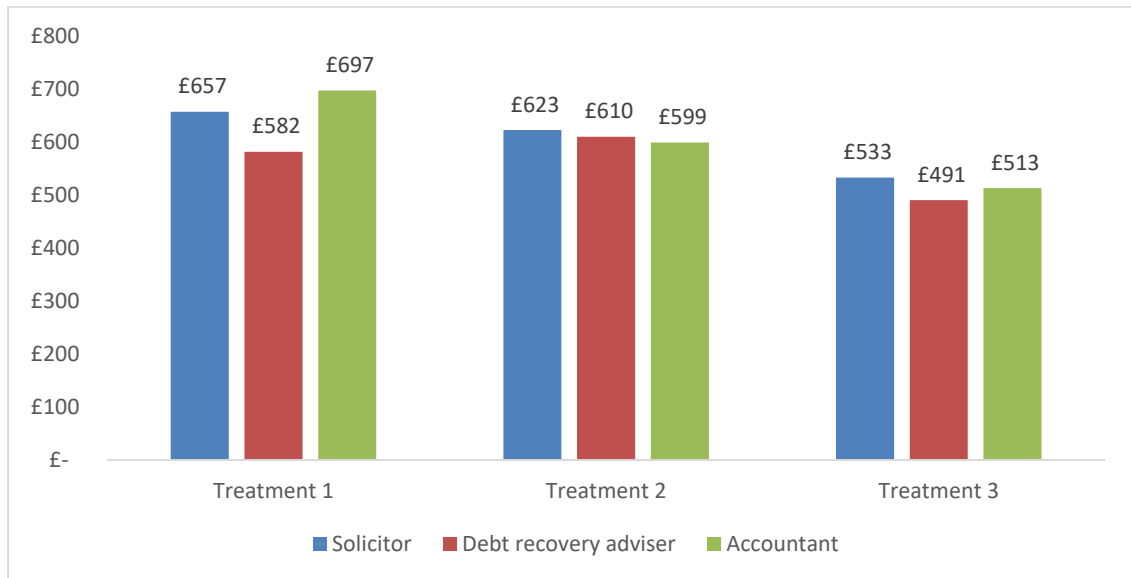


Sample size: Treatment 1 = 501 Treatment 2 = 493 Treatment 3 = 492

Finally, as in Scenario A, the availability of price information appears to lead to a downward revision of cost expectations (see Figure 28 and Figure 29 where we report the average amount businesses expect to pay their preferred adviser)³³.

³³ Also here the average amount reported are based on figures truncated at £5,000 and £10,000.

Figure 41: Average amount (£) businesses expected to pay their preferred provider to recover a debt of £5,000.



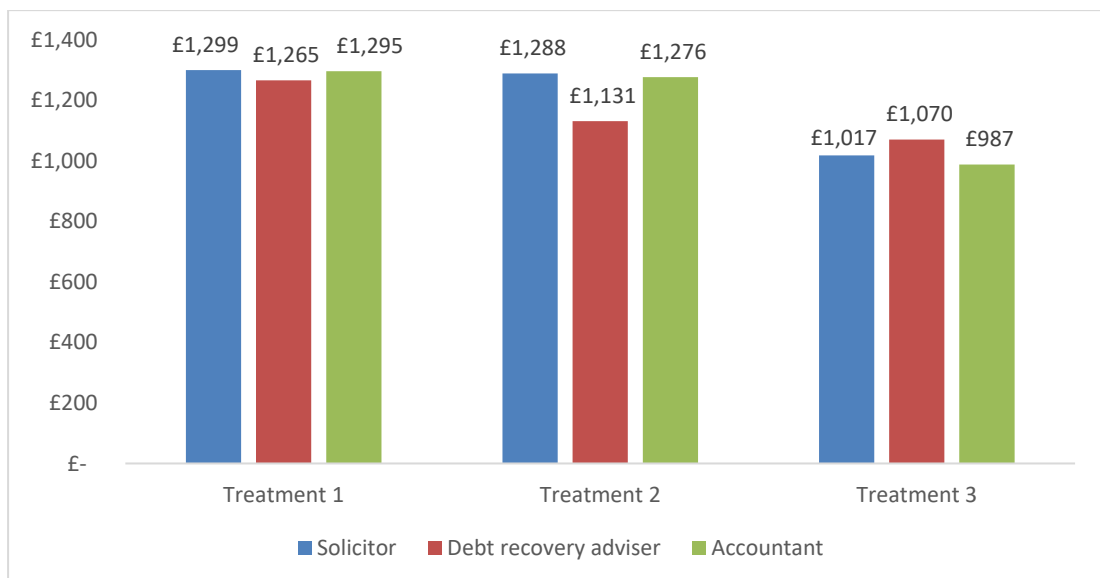
Average costs are based on the following sample sizes:

Treatment 1: Solicitor = 204 Debt recovery adviser = 185, Accountant = 99;

Treatment 2: Solicitor = 238, Debt recovery adviser = 132, Accountant = 114;

Treatment 3: Solicitor = 160, Debt recovery adviser = 161, Accountant = 162;

Figure 42: Average amount (£) businesses expected to pay the provider they indicated as their preferred choice to recover a debt of £10,000.



Average costs are based on the following sample sizes:

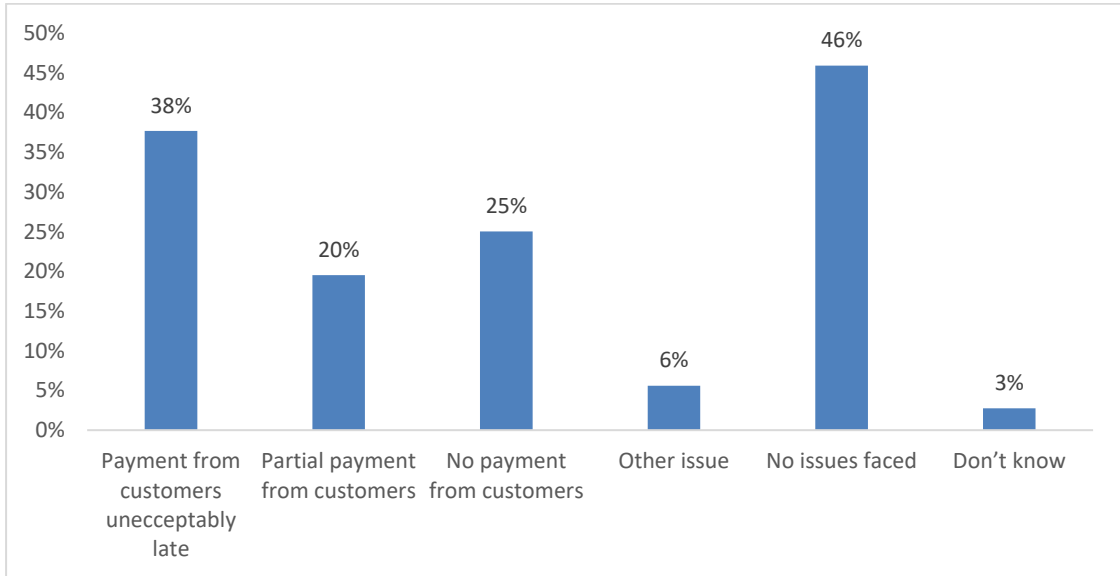
Treatment 1: Solicitor = 256, Debt recovery adviser = 158, Accountant = 71;

Treatment 2: Solicitor = 274, Debt recovery adviser = 141, Accountant = 71;

Treatment 3: Solicitor = 229, Debt recovery adviser = 162, Accountant = 92;

Information concerning how many small businesses faced any issues in the recent past and how such issues were dealt with are reported in Figure 43 and Figure 44. The figures here are very close to those observed in Scenario A.

Figure 43: Percentage of businesses who faced issues in the past



Sample size: 1486. Note: multiple choice answers were allowed so the percentages do not sum up to 100%.

Figure 44: How the issue was addressed by businesses who faced an issue in the past

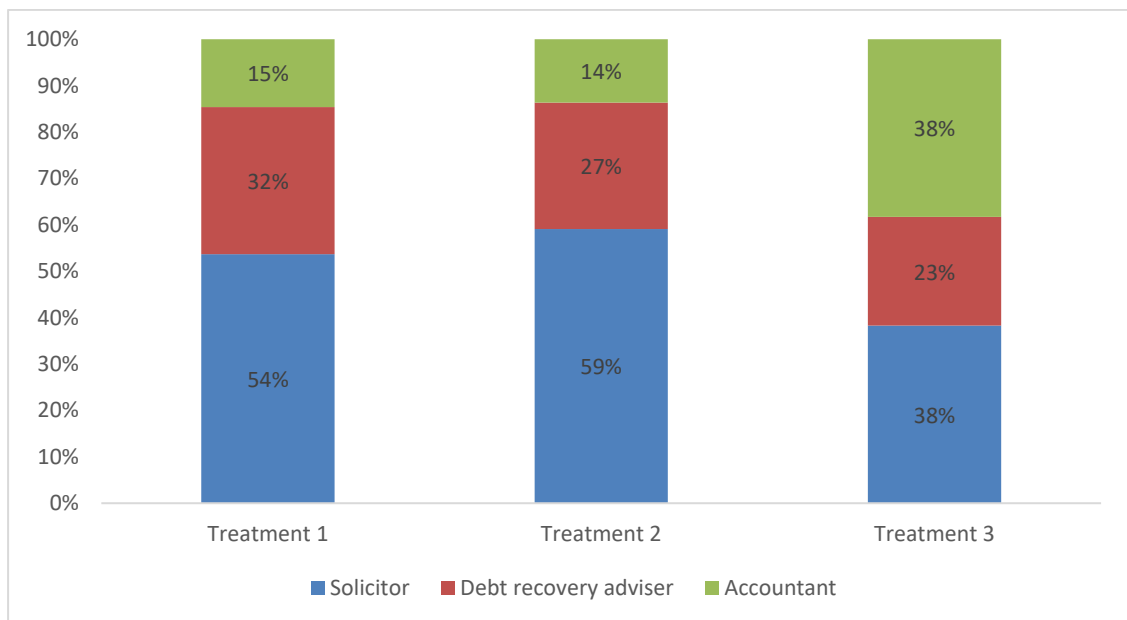


Sample size: 763

As we did for Scenario A, we conducted a series of statistical tests (see Appendix) which confirm that having taken advice from a solicitor in the recent past is statistically associated with a higher propensity to rank the solicitor first in the RCT, whilst having taken advice from a debt recovery adviser is statistically associated with a lower propensity to rank the solicitor first. Similar to what we found in Scenario A, we also found that having taken advice from an accountant does not have a statistically significant impact on preferences.

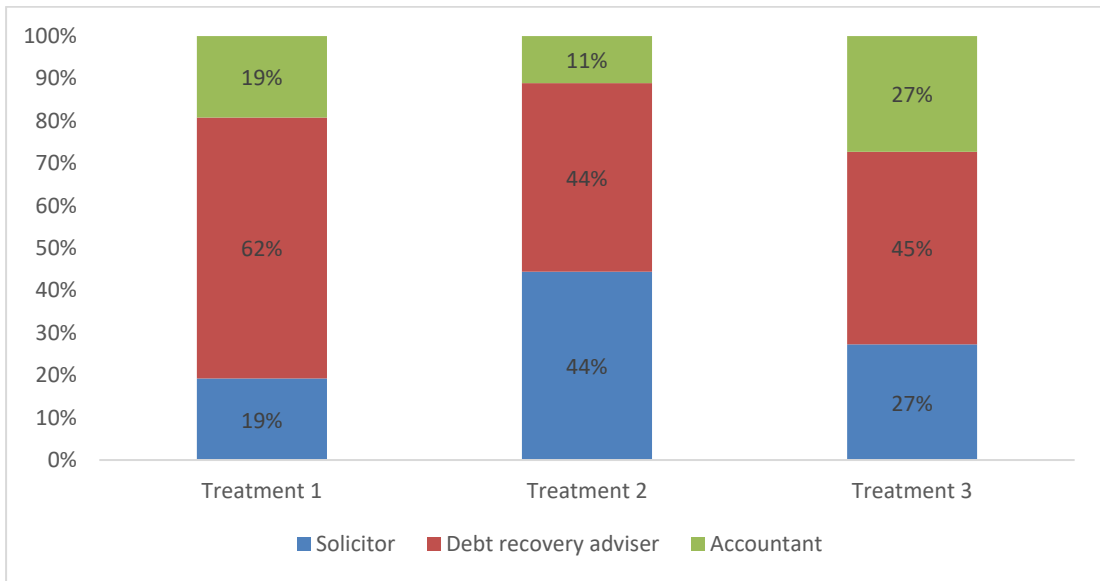
An illustration of these findings is provided below, where we show the percentage with which the three advisers were ranked, first by small businesses who recently took advice from a solicitor, and then by small businesses who took advice from a debt recovery adviser (in the case where the amount of debt was £5,000).

Figure 45: Percentage of advisers ranked first (when debt to be recovered was £5,000) by businesses who took advice from a solicitor in the recent past



Sample size: Treatment 1= 41; Treatment 2 = 44; Treatment 3=47

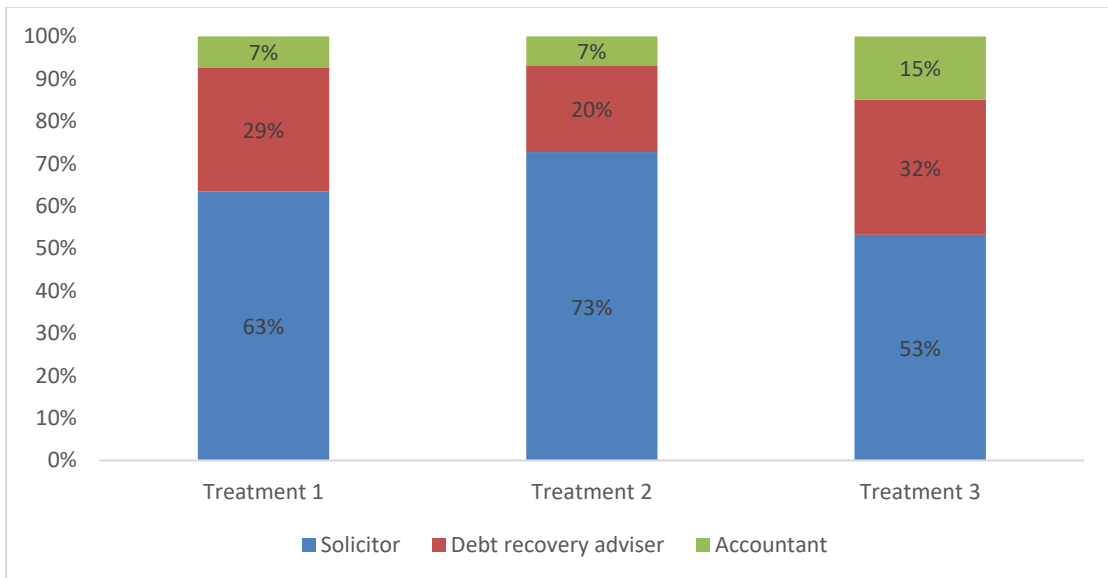
Figure 46: Percentage of advisers ranked first (when debt to be recovered was £5,000) by businesses who took advice from a debt recovery adviser in the recent past



Sample size: Treatment 1= 26; Treatment 2 = 18; Treatment 3=22

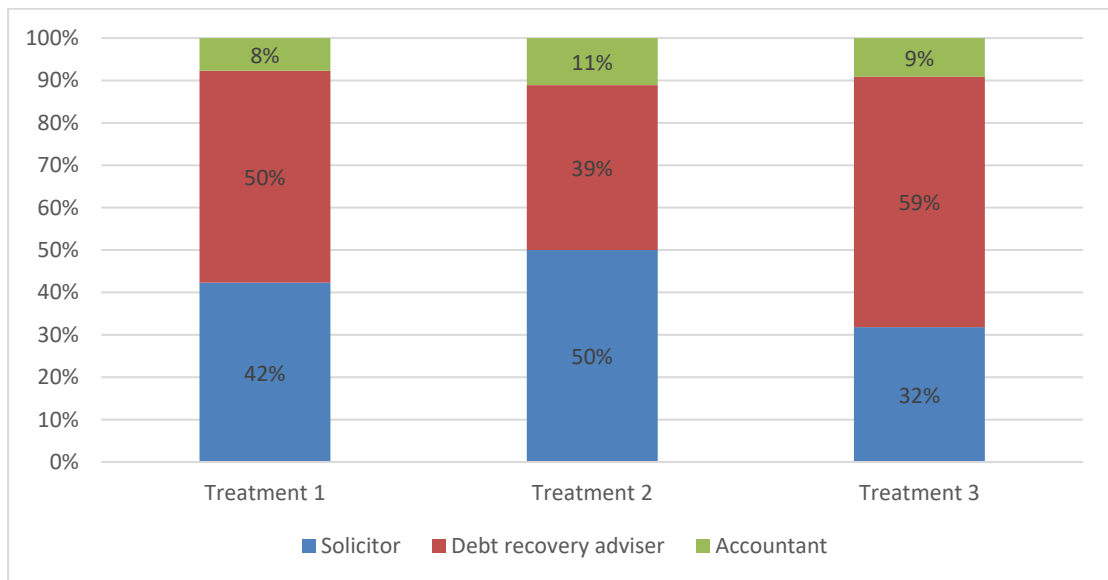
Similar conclusions can be drawn when the amount of debt to be recovered is £10,000 (see Figure 47 and Figure 48 below).

Figure 47: Percentage of advisers ranked first (when debt to be recovered was £10,000) by businesses who took advice from a solicitor in the recent past



Sample size: Treatment 1= 41; Treatment 2 = 44; Treatment 3= 47

Figure 48: Percentage of advisers ranked first (when debt to be recovered was £10,000) by businesses who took advice from a debt recovery adviser in the recent past



Sample size: Treatment 1= 26; Treatment 2= 18; Treatment 3=22

Finally, we have tested whether having a real-life ongoing relationship (as opposed to the imagined ongoing relationship with a solicitor that was part of Scenario B of the RCT) with an accountant or a solicitor has an impact on small businesses' preferences. In contrast to what we found in Scenario A (where businesses that have an ongoing relationship with a solicitor are more likely to choose them to recover a debt of £5,000), in Scenario B we did not find any statistical evidence that ongoing relationships impact businesses' propensity to choose the solicitor (see Appendix).

The overarching conclusion we can draw from the RCT results obtained from Scenario B is that an assumed prior relationship with a provider does not appear to have a dramatic impact on small businesses' choices. More specifically, when the amount of debt to be recovered was £5,000 the impact of increased price transparency on preferences is in line with what we observed in Scenario A. Moreover, the results of Scenario B confirm the finding that there is a greater preference for the solicitor when the amount of debt increases. There are however two main differences from the Scenario A findings that should be highlighted:

- First, when the debt to be recovered is £5,000, having a prior relationship with the accountant results in a greater preference for this provider. However, this bias disappears once price information is available for all providers.
- Second, when the amount of debt to be recovered is £10,000, price transparency does not appear to be correlated with a statistically significant change in small businesses' preferences.

This study looks at the role price transparency might play in persuading small businesses to use solicitors instead of other legal service providers. Nevertheless, we recognise that other factors may be at play. In some cases, the reason for not using solicitors may be a perception that the issue is not primarily a legal problem. For example, debt recovery may be seen as a financial matter where accountants are better qualified to offer helpful advice. Moreover, existing relationships with accountants or other professionals may mean that small businesses are more willing to trust them to advise on a new problem than to seek out a different professional services adviser.

5.5 Additional Analysis for BAME business owners and business owners with disabilities

The purpose of this section is to assess whether the impact of price information among specific categories of small business owners/managers is different from the impact observed within the general population. The specific categories of small business owners/managers we focus upon here are:

- RCT participants who belong to ethnic minorities, defined here as Black, Asian and minority ethnic (BAME).
- RCT participants who have indicated that they have some form of disability.

A focus on those business owners/managers has been made because previous research identified that BAME and disabled small business owners/managers are more likely to experience legal problems.³⁴

Among the 3,000 RCT participants, 287 identified themselves as BAME, and 534 indicated they have some form of disability. For the purpose of analysis we present here, we have pooled the responses for the two scenarios (Scenario A and Scenario B) together to increase the reliability and robustness of our results.³⁵

The main findings of our research tell us that:

- Small businesses' propensity to choose the solicitor increases in Treatment 2; and
- Small businesses' propensity to choose the solicitor decreases in Treatment 3.

³⁴ [The legal needs of small businesses 2013-2017](#) for the Legal Services Board by BMG Research (2018)

³⁵ In the statistical tests we have conducted we can still control for the specific scenario (i.e. whether responses belong to Scenario A or Scenario B) directly in the model specification (see Appendix for details).

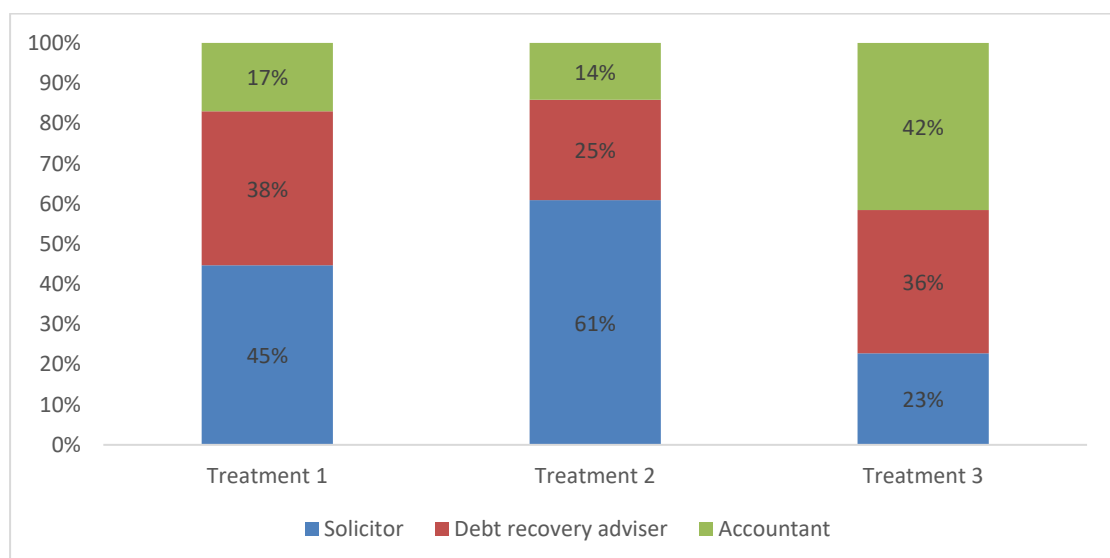
We also note that, when the amount of debt to be recovered was £10,000, changes in preferences across the Treatment groups are less marked compared to the £5,000 debt scenario.

5.6 Results for small business owners who are BAME

We now focus on the stated preference of small businesses belonging to the BAME group. The statistical tests we have conducted (see Appendix) show that, when the amount of debt to be recovered was £5,000, small business owners/managers that are BAME have a higher propensity to choose the solicitor in Treatment 2 compared to the general population, and a lower propensity to choose the solicitor in Treatment 3. Therefore, within this group of small business owners/managers the impact of price transparency is somewhat amplified. We can see this clearly in Figure 49 by comparing preferences in Treatment 1 and Treatment 2. The share of businesses preferring the solicitor in Treatment 2 increases from 44 (in Treatment 1) to 60% (in Treatment 2), i.e. an increase of more than 15 percentage points. In contrast to the general population, the increase in preferences between Treatment 1 and Treatment 2 is less than 9 percentage points (see **Error! Reference source not found.**). Similarly, if we compare preferences in Treatment 1 and Treatment 3 in Figure 49 we can see that the propensity to choose the solicitor decreases by approximately 22 percentage points (from 45% in Treatment 1 to 23% in Treatment 3). Instead, for the general population, the drop in preferences for the solicitor between Treatment 1 and Treatment 3 is approximately 8% (see Figure 25**Error! Reference source not found.**).

In contrast, statistical tests confirm that, when the amount of debt is £10,000, preferences within the BAME group are in line with that of general population.

Figure 49: Percentage of advisers ranked first (when debt to be recovered is £5,000) by BAME business owners

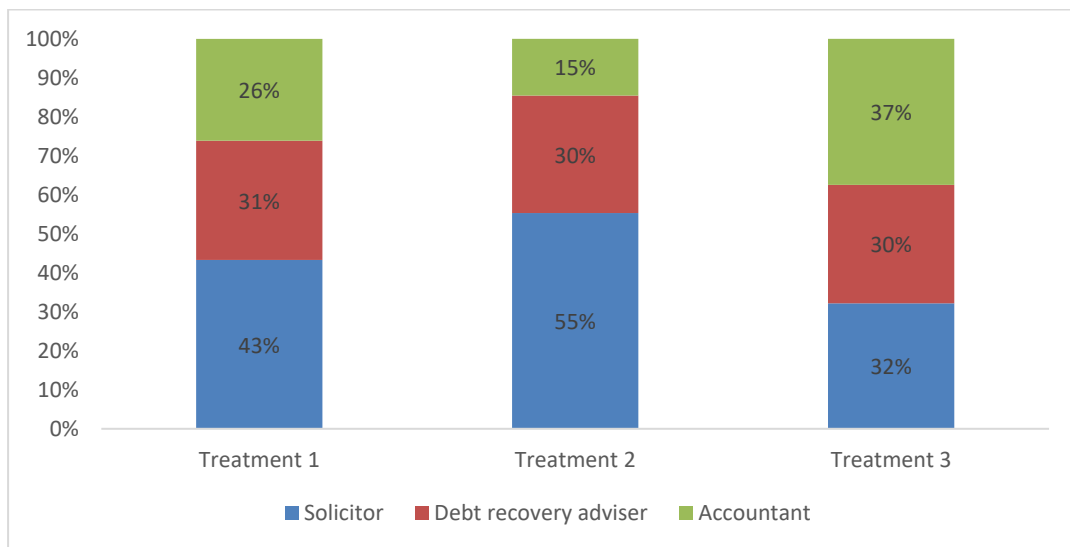


Sample size: Treatment 1= 94 Treatment 2 = 92; Treatment 3=101.

5.7 Results for small business owners who report some form of disability

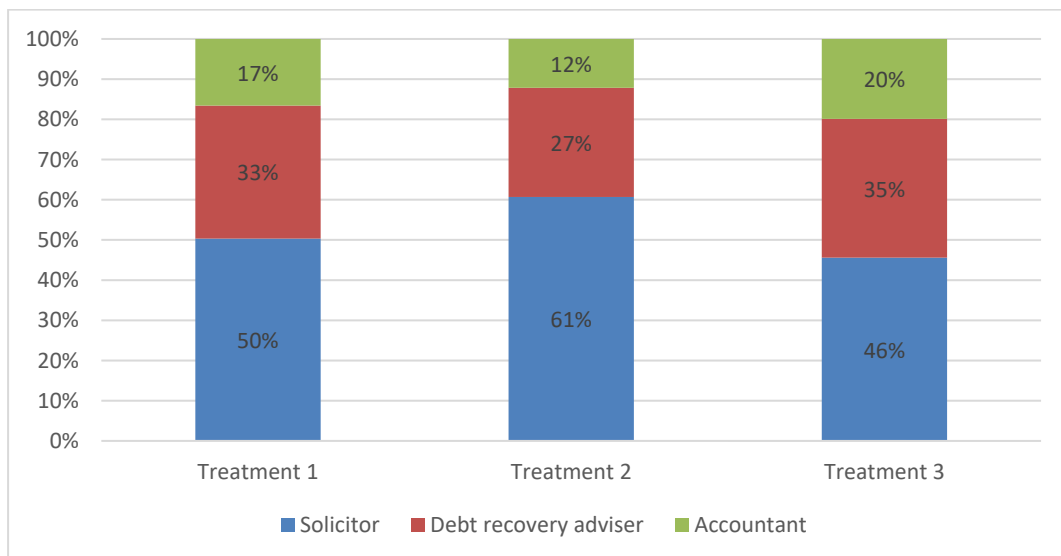
Statistical tests we have conducted (see Appendix for details) indicate that, compared to the general population, RCT participants with disabilities had a higher propensity to choose the solicitor in Treatment 2, in both the £5,000 debt scenario and £10,000 debt scenario. Preferences among small businesses owners/managers with a disability are presented below.

Figure 50: Percentage of advisers ranked first (when debt to be recovered is £5,000) by small business owners with a disability



Sample size: Treatment 1= 157 Treatment 2 = 206; Treatment 3=171.

Figure 51: Percentage of advisers ranked first (when debt to be recovered is £10,000) by small business owners with a disability



Sample size: Treatment 1= 157 Treatment 2 = 206; Treatment 3=171.

We can see from Figure 50 and

Figure 51 that the additional percentage of small businesses preferring the solicitor in Treatment 2 compared to Treatment 1 is:

- 12% when the amount of debt was £5,000
- 10% when the amount of debt was £10,000

In comparison, within the general population, that the additional percentage of small business owners/managers preferring the solicitor in Treatment 2 compared to Treatment 1 is:

- 9% when the amount of debt was £5,000
- 6% when the amount of debt was £10,000.

In summary, the analysis of data across those small business owners/managers from the BAME group or who have some form of disability show that increased price transparency by solicitors appears to be particularly important for small business owners that are BAME or disabled. Providing transparent information on price is therefore an important way of ensuring professional service providers are inclusive and accessible for all types of owners/managers of small businesses.

6 Conclusions and Recommendations

6.1 Conclusions

It is relatively common for small businesses to run into disputes and face issues (such as debt recovery or employment-related issues) during the course of their business operations. Around 60% of the small businesses we surveyed have faced such an issue over the last five years.

In these situations legal service providers can provide valuable assistance, especially when the issue faced is legal in nature and there is a potentially high amount of money at stake. However, there are still a large number of small businesses that prefer to resolve such problems without the help of a professional. In fact, around 50% of the businesses who faced an issue in the recent past preferred to undertake their own research and tackle the problem without taking advice from a professional adviser.

Lack of price transparency appears to be an additional obstacle that further limits accessibility to legal services. Over 50% of small businesses perceive lack of price information, and the complexity of price information provided, as being the main obstacles to finding a new solicitor. These are also important obstacles to the use of other professional advisers, but more of an issue for solicitors. Indeed, more than 50% of small businesses state that they would be more inclined to contact a solicitor who publishes price information on their website.

Our findings suggest that increasing price transparency could win business for solicitors from alternative providers, when the other advisers do not publish prices. When price information is published by all providers and the amount of debt to be recovered is lower (i.e. £5,000) the cheaper provider (i.e. the accountant) gains market share, but the solicitor remains broadly as popular as the other types of advisers. This is despite the solicitor being presented as the most expensive of the three options. When the amount of debt to be recovered is higher (i.e. £10,000) the solicitor is the preferred option irrespective of the amount of price information provided by all providers.

There is a discrepancy between small businesses' stated intention to use a solicitor and the actual use of one, especially among sole traders. For example, only 10% of sole traders that faced a legal issue in the recent past took advice from a solicitor to resolve the issue even though more than 20% stated that they would use a solicitor in such a situation.

The cost of using a solicitor is a concern that might potentially limit small businesses' access to legal service providers. Solicitors are perceived as being expensive both in absolute terms and relative to other service providers, with such perception more common amongst the smallest businesses. For example, 69% of sole traders believe that the cost of using a solicitor is a barrier preventing some businesses from using their services, and 65% of sole traders believe that solicitors are more expensive than other professional service providers. But publishing prices meant people's expectations of the cost of using a solicitor decreased on average by 22% across both online trials.

Since solicitors are perceived as being expensive, it is arguably important for small businesses to be able to shop around. In fact, whilst existing business contacts are the most common way to find a legal service provider, searching the internet is the second most popular method to find a solicitor. Furthermore, almost 60% of sole traders state that would still conduct a market search even if they have the option of relying on a solicitor they have already used for personal legal issues.

The findings also suggest that having used a solicitor in the past increases the propensity to favour a solicitor.

The preferences of small business owners who are BAME appear to be more sensitive to the amount of price information provided when the amount of debt to be recovered is small (i.e. £5,000). In this instance, BAME business owners are more inclined to choose the solicitor when the solicitor is the only provider to publish price information, but less likely to do so when prices are published by all providers.

Small business owners with some form of disability are more inclined to prefer a solicitor if this is the only provider to provide price information and this is true irrespective of the amount of debt to be recovered. Providing transparent information on price may help ensure professional service providers are inclusive and accessible for all types of small business owners/managers.

6.2 Recommendations

In relation to the conclusions above, we would recommend that the SRA considers exploring the following issues with solicitors and firms.

- Firms should see publishing prices as a business opportunity, and not purely a compliance issue. This research suggests that those firms that do publish price information could benefit from increased contact from small businesses as their expectations about the costs of using a solicitor is lower when costs are publicly available. And firms that publish price information may gain, or at least retain, market share in an increasingly competitive market.
- Recognising that price publication may be challenging for some solicitors and firms, the SRA should provide them with guidance, including what detail should be provided about the cost and the nature of the service delivered.
- The SRA should monitor the impact of publishing price information on consumer behaviour, solicitors and firms and on the wider legal services market.

7 Technical Appendix

7.1 Sample profile

The research was undertaken in two stages. Firstly, an online survey of sole traders and small business owners/managers in businesses of up to 49 employees was undertaken.

The research was completed between 19th April - 1st May 2018 and a final sample of 1,004 was achieved. The figures have been weighted and are representative of small businesses in the UK by size, sector and region.

The sample composition of the phase one online survey was as follows:

Variable	Unweighted base	Weighted base
Sector		
Private sector	801	801
Public sector	17	17
Voluntary sector	119	119
Other	67	67
Industry		
Manufacturing and production	146	192
Education	42	50
Healthcare	37	47
Private sector services	576	513
Government office region		
North	218	226
Midlands	144	148
South	283	228
London	167	177
Devolved nations	137	139
Organisation size		
Sole trader	442	394
2-9 employees	312	278
10-19 employees	125	152
20-49 employees	125	179
Ethnicity		
White British	841	845
Non-white British	151	148
Disability		
Yes	191	198
No	813	806

Secondly, a sample of 3,000 sole traders and small business owners/managers was achieved for the phase two RCT. The research was completed between 1st - 19th June 2018. The figures have been weighted and are representative of small businesses in the UK by size, sector and region.

The sample composition of the phase two RCT was as follows:

Variable	Unweighted base	Weighted base
Sector		
Private sector	2675	2938
Other sector	325	62
Industry		
Manufacturing and production	480	720
Education	181	176
Healthcare	164	184
Private sector services	1870	1858
Government office region		
North	690	681
Midlands	378	405
South	963	962
London	420	417
Devolved nations	340	313
Organisation size		
Sole trader	1626	1137
2-9 employees	796	879
10-19 employees	262	448
20-49 employees	316	536
Ethnicity		
White British	2638	2665
Non-white British	287	269
Disability		
Yes	2374	2394
No	534	517

7.2 Overview of RCT

The main variables of interest

The statistical tests provided below are based on estimation of Probit models in which the dependent variable takes a numerical value of one when the solicitor is ranked first by a respondent, and a value of zero otherwise. Within this setting a Probit model permits tests of whether a variable is statistically associated with an increased or decreased likelihood of ranking the solicitor website as the preferred choice.

Since the main purpose of the RCT is to test the potential impact of providing price information, in the Probit models we have tested the two main explanatory variables of interest are:

- A variable indicating whether the choice was made in Treatment 2 (i.e. a world in which in which price information is provided only by the solicitor’s website but not by the other two advisers).
- A variable indicating whether the choice was made in Treatment 3 (i.e. in a world in which in which price information is provided only by all three advisers.)

Treatment 1 (i.e. a world in which none of the advisers provide price information) constitutes the baseline scenario. This means that the Probit model tests whether the propensity of ranking the solicitor first in Treatment 2 and Treatment 3 is statistically different from the propensity of ranking it first under the baseline Treatment 1.

The choices being tested

As we explained above the goal of a Probit model is to explain the propensity of choosing the solicitor website as the preferred adviser. Since respondents were asked to rank advisers assuming two different levels of debt to be recovered (i.e. a debt of 5K and a debt of 10K) and under two different scenarios (no previous knowledge of the advisers — Scenario A — and one previous knowledge of the accountant — Scenario B), we have estimated Probit models in four separate cases:

- Case 1: Debt to be recovered is equal to 5K, and Scenario A
- Case 2: Debt to be recovered is equal to 10K, and Scenario A
- Case 3: Debt to be recovered is equal to 5K, and Scenario B
- Case 4: Debt to be recovered is equal to 10K, and Scenario B

Versions of the models estimated

We have first estimated a benchmark Probit models where the propensity to rank the solicitor's website first is explained only by the Treatment under which the choice was made. Such benchmark models represent the core of the analysis. We have then estimated alternative versions of the Probit models by adding the following explanatory variables:

- Respondents' demographic characteristics, i.e.:
 - Sector — Manufacturing, Education, Health, Private sector services.
 - Geographic location — London, East England, South (SW, SE), North (NW,NE, Yorkshire and Humberside), Midlands (EM and WM), Devolved nations (Wales, NI, Scotland)
 - Business size – Sole trader vs not-sole trader.
- Respondents' previous experience in the use of advisers for debt-related issues, i.e. whether in the past the responder took advice from:
 - A solicitor
 - An accountant
 - A debt adviser


- Another professional adviser
- A family member/friend/colleague
- Tackled the problem on his/her own
- Whether respondents have an ongoing relationship with:
 - An accountant
 - A solicitor
- Whether the respondent belongs to an ethnic minority (i.e. he/she is BAME/BME British)
- Whether the respondent has stated to have some form of disability.

It is important to stress that, whilst including additional explanatory variables can provide some useful insights, the primary purpose of these alternative model specifications is to satisfy ourselves that the that main results concerning the impact of Treatment 3 and Treatment 3 (as identified in the benchmark model without additional explanatory variables) remain valid.

7.3 Professional service provider webpages used in the RCT
(see Figure 4 for solicitor’s webpages with and without prices).


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Debt collection

We have over 20 years of experience in commercial debt collection. Our specialists have expertise in all aspects of debt recovery, from advice to the management of the entire debt collection process. We always aim to recover the full amount of outstanding debt owed, and our debt collection solutions are designed for businesses of all sizes




We offer the following services:

- Debt evaluation
- Debt recovery advice
- Background checks
- Establishing contact with debtors
- Issuing formal requests of payments
- Debt mediation
- Face-to-face debt collection



Meet the team

- Summayah Khan
- Nick Sullivan
- Caterina Riccardi
- Benjamin Horwitz
- Elaina Shannon
- Ross Richardson
- Steve Blackstone



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A debt recovery adviser’s webpage without price information shown

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Debt collection

We have been helping clients on a variety of financial issues for over 20 years. As part of the services we offer, we assist clients in the assessment, management, and recovery of debt (e.g. unpaid invoices or late payments from clients). Our dedicated team is friendly, approachable, and professional and we are well placed to meet the specific needs of your business.



Our debt recovery services include:

- Debt assessment
- Company/Land Registry Searches
- Credit checks
- Debt mediation
- Issuing formal request of payment
- Pre-legal collection service



Our people

- Barsha Begum
- Paul Warwick
- Steve Morden
- Sarah Sunderland
- Richard Orwell
- Ankita Anand
- Mark Fotheringham



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An accountant's webpage without price information shown

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Meet the team

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Elaina Shannon
Ross Richardson
Steve Blackstone



Our Prices

We provide excellent value for money. Our services are provided at a fixed fee agreed at the outset. This fee will depend on the amount of debt you are trying to recover and how quickly the debt is recovered.

By way of example, typical costs (including VAT) would be:
£350, for debt between £0-£3,000
£430, for debt between £3,000-£6,000.
We can provide you with a quote for recovering a debt above this value.

In cases where legal action is needed to recover the debt, we could work with our legal team, to start the action for you.

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Contact us on: Tel: 0300 212 41787; Email: enquiry@smithandco.com

A debt recovery adviser's webpage with price information shown

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Debt collection

We have been helping clients on a variety of financial issues for over 20 years. As part of the services we offer, we assist clients in the assessment, management, and recovery of debt (e.g. unpaid invoices or late payments from clients). Our dedicated team is friendly, approachable, and professional and we are well placed to meet the specific needs of your business.



Our debt recovery services include:

- Debt assessment
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Our people

Barsha Begum
Paul Warwick
Steve Morden
Sarah Sunderland
Richard Orwell
Ankita Anand
Mark
Fotheringham



Our Prices

We would agree a fixed fee with you for this service. For larger debts, or where you want to recover the money more quickly, we charge more.

Typical costs (inc. VAT) are:
£250, for debt between £0-£3,000
£400, for debt between £3,000-£6,000.
We can provide you with a quote if the debt you are looking to recover is above this value.

Should the customer not pay what is due then we can work with our legal team to start legal action on your behalf.

A&P is a registered chartered accountant No. 7844517
Contact us on: Tel: 0300 287 54789; Email: enquiry@aandp.com

An accountant's webpage with price information shown

7.4 Benchmark model

Providing price information (either in the form of Treatment 2 or in the form of Treatment 3) has a statistically significant impact on the propensity to choose the solicitor as the preferred adviser. More specifically, compared to the baseline Treatment 1, the solicitor is more likely to be chosen under Treatment 2, and less likely to be chosen under Treatment 3. This result is true for:

- Case 1: Debt to be recovered is equal to 5K, and Scenario A (see Table 1).
- Case 2: Debt to be recovered is equal to 10K, and Scenario A (see Table 2).
- Case 3: Debt to be recovered is equal to 5K, and Scenario B (see Table 3).

However, in Case 4: (Scenario B and debt of £10,000) neither Treatment 2 nor Treatment 3 have a statistically significant impact on the propensity to choose a solicitor (Table 4).

Table 1

Dependent Variable: Solicitor is ranked first (debt= 5K)				
Scenario: A				
Included observations: 1514				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.255305	0.078714	3.243432	0.0012
Treatment 3	-0.210055	0.080543	-2.607978	0.0091
Constant	-0.198417	0.055624	-3.567088	0.0004

Table 2

Dependent Variable: Solicitor is ranked first (debt= 10K)				
Scenario: A				
Included observations: 1514				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.187182	0.078548	2.383031	0.0172
Treatment 3	-0.149885	0.079385	-1.888068	0.0590
Constant	-0.065755	0.055271	-1.189685	0.2342

Table 3

Dependent Variable: Solicitor is ranked first (debt= 5K)				
Scenario: B				
Included observations: 1486				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.186298	0.079845	2.333248	0.0196
Treatment 3	-0.227668	0.081344	-2.798827	0.0051
Constant	-0.214266	0.056464	-3.794775	0.0001

Table 4

Dependent Variable: Solicitor is ranked first (debt= 10K)				
Scenario: B				

Included observations: **1486**

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.103009	0.079690	1.292625	0.1961
Treatment 3	-0.113829	0.079597	-1.430071	0.1527
Constant	0.047549	0.056017	0.848828	0.3960

7.5 Model in which we control for demographic characteristics

After controlling for demographic characteristics (i.e. geographic location, business sector, and size) the main results we found in our benchmark model remain valid, i.e., in all cases except Case 4 (i.e. Scenario B, and debt equal to 10K), the propensity to rank the solicitor website first increases under Treatment 2 and it decreases under Treatment 3. Demographic characteristics tend not to be statistically associated with either an increased or decreased likelihood of preferring the solicitor. The only exception to this is Case 3 (Scenario B and debt equal to 5K) where certain demographic characteristics are statistically significant. More specifically, in Case 3, businesses in the service and education sectors are more likely to prefer a solicitor compared to businesses in the manufacturing sector, and businesses located in East of England are less likely to choose a solicitor compared to those based in London.³⁶

Table 5

Dependent Variable: Solicitor is ranked first (debt= 5K)				
Scenario: A				
Included observations: 1357				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.190756	0.083680	2.279581	0.0226
Treatment 3	-0.269302	0.085244	-3.159186	0.0016
Constant	-0.007117	0.135875	-0.052379	0.9582
North	-0.089545	0.115900	-0.772601	0.4398
Midlands	-0.178846	0.131788	-1.357080	0.1748
Devolved Nations	-0.068754	0.136180	-0.504879	0.6136
South	-0.103717	0.109453	-0.947600	0.3433
East	-0.136511	0.167142	-0.816733	0.4141
Education sector	-0.229253	0.172082	-1.332229	0.1828
Health sector	-0.154897	0.162048	-0.955866	0.3391
Services sector	-0.013804	0.089932	-0.153497	0.8780
Not a sole trader	-0.033986	0.069848	-0.486575	0.6266

Table 6

Dependent Variable: Solicitor is ranked first (debt= 10K)				
Scenario: A				
Included observations: 1357				

³⁶ In order to be able to control for demographic characteristic we must first choose a baseline geographical location and a baseline business sector. We have chosen London as the baseline geographical location, and manufacturing as the baseline business sector.

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.190255	0.083742	2.271911	0.0231
Treatment 3	-0.165794	0.084166	-1.969848	0.0489
Constant	-0.076081	0.135809	-0.560205	0.5753
North	0.012286	0.115552	0.106328	0.9153
Midlands	-0.150590	0.130965	-1.149851	0.2502
Devolved Nations	-0.105463	0.135597	-0.777768	0.4367
South	-0.139929	0.109141	-1.282087	0.1998
East	-0.158711	0.167048	-0.950093	0.3421
Education sector	-0.134005	0.170203	-0.787323	0.4311
Health sector	0.232824	0.159842	1.456589	0.1452
Services sector	0.144255	0.089774	1.606864	0.1081
Not a sole trader	-0.010889	0.069392	-0.156920	0.8753

Table 7

Dependent Variable **Solicitor is ranked first (debt= 5K)**

Scenario: **B**

Included observations: **1319**

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.209451	0.085031	2.463246	0.0138
Treatment 3	-0.181885	0.086874	-2.093661	0.0363
Constant	-0.358395	0.144237	-2.484762	0.0130
North	-0.101434	0.122247	-0.829741	0.4067
Midlands	-0.033874	0.139409	-0.242980	0.8080
Devolved Nations	-0.016413	0.144540	-0.113552	0.9096
South	0.027372	0.114295	0.239483	0.8107
East	-0.286244	0.165728	-1.727192	0.0841
Education sector	0.310666	0.160979	1.929854	0.0536
Health sector	0.078161	0.168162	0.464796	0.6421
Services sector	0.194472	0.096780	2.009423	0.0445
Not a sole trader	0.030642	0.071659	0.427617	0.6689

Table 8

Dependent Variable: **Solicitor is ranked first (debt= 10K)**

Scenario: **B**

Included observations: **1319**

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.126475	0.084711	1.493013	0.1354
Treatment 3	-0.087187	0.085164	-1.023756	0.3060
Constant	-0.155544	0.141975	-1.095576	0.2733
North	0.143469	0.120880	1.186877	0.2353
Midlands	0.113541	0.137985	0.822851	0.4106
Devolved Nations	0.173115	0.143885	1.203146	0.2289
South	0.141156	0.113239	1.246527	0.2126
East	-0.055340	0.160245	-0.345346	0.7298
Education sector	0.163420	0.159946	1.021724	0.3069
Health sector	0.113683	0.164934	0.689264	0.4907
Services sector	0.070412	0.094507	0.745042	0.4562
Not a sole trader	0.039700	0.070775	0.560935	0.5748

7.6 Model in which we control for previous experience in the use of advisers
 After controlling for respondents' previous experience in the use of advisers the main results we found in our benchmark model remain valid, i.e., in all cases except Case 4 (i.e. Scenario B, and debt equal to 10K), the propensity to rank the solicitor website first increases under Treatment 2 and it decreases under Treatment 3. We also find that, in all cases (i.e. all Cases 1 to 4) having used a debt adviser in the past decreases the likelihood of choosing the solicitor, whilst having used a solicitor in the past increases the propensity to choose a solicitor.

Table 9

Dependent Variable: Solicitor is ranked first (debt= 5K)				
Scenario: A				
Included observations: 1357				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.206902	0.084311	2.454021	0.0141
Treatment 3	-0.258816	0.085898	-3.013048	0.0026
Constant	-0.006548	0.142489	-0.045954	0.9633
Has used an accountant in the past	0.191179	0.154293	1.239066	0.2153
Has used a debt adviser in the past	-0.660335	0.190709	-3.462527	0.0005
Has used a family member/friend/colleague in the past	-0.020768	0.156395	-0.132794	0.8944
Has used another professional adviser in the past	0.095522	0.142839	0.668740	0.5037
Has tackled the problem on his own in the past	-0.162811	0.080753	-2.016160	0.0438
Has used a solicitor in the past	0.216242	0.111968	1.931287	0.0534
North	-0.067492	0.117997	-0.571984	0.5673
Midlands	-0.167049	0.133664	-1.249774	0.2114
Devolved Nations	-0.083705	0.137841	-0.607258	0.5437
South	-0.079404	0.111839	-0.709989	0.4777
East	-0.080285	0.169373	-0.474015	0.6355
Education sector	-0.227479	0.173246	-1.313040	0.1892
Health sector	-0.147476	0.163178	-0.903773	0.3661
Services sector	-0.009447	0.091115	-0.103678	0.9174
Not a sole trader	-0.039225	0.072685	-0.539648	0.5894

Table 10

Dependent Variable: Solicitor is ranked first (debt= 10K)				
Scenario: A				
Included observations: 1357				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.202023	0.084435	2.392657	0.0167
Treatment 3	-0.159399	0.085015	-1.874947	0.0608
Constant	-0.069061	0.142458	-0.484784	0.6278
Has used an accountant in the past	0.105301	0.155339	0.677878	0.4978
Has used a debt adviser in the past	-0.945451	0.202270	-4.674214	0.0000
Has used a family member/friend/colleague in the past	-0.065973	0.155927	-0.423100	0.6722
Has used another professional adviser in the past	-0.016642	0.141886	-0.117292	0.9066
Has tackled the problem on his own in the past	-0.016566	0.079729	-0.207775	0.8354
Has used a solicitor in the past	0.195316	0.111833	1.746502	0.0807
North	0.028180	0.117909	0.239000	0.8111
Midlands	-0.145749	0.132863	-1.096985	0.2726
Devolved Nations	-0.124339	0.137049	-0.907261	0.3643

South	-0.124493	0.111532	-1.116208	0.2643
East	-0.110591	0.169786	-0.651357	0.5148
Education sector	-0.152838	0.171310	-0.892172	0.3723
Health sector	0.211408	0.160961	1.313410	0.1890
Services sector	0.126367	0.091122	1.386788	0.1655
Not a sole trader	0.004282	0.072201	0.059302	0.9527

Table 11

Dependent Variable: **Solicitor is ranked first (debt= 5K)**

Scenario: **B**

Included observations: **1319**

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.208019	0.085477	2.433625	0.0149
Treatment 3	-0.182238	0.087328	-2.086827	0.0369
Constant	-0.367182	0.150272	-2.443452	0.0145
Has used an accountant in the past	-0.022451	0.146981	-0.152749	0.8786
Has used a debt adviser in the past	-0.396675	0.183701	-2.159351	0.0308
Has used a family member/friend/colleague in the past	-0.213434	0.153758	-1.388118	0.1651
Has used another professional adviser in the past	-0.017032	0.154040	-0.110571	0.9120
Has tackled the problem on his own in the past	0.117412	0.080625	1.456271	0.1453
Has used a solicitor in the past	0.273552	0.125609	2.177812	0.0294
North	-0.114312	0.123104	-0.928582	0.3531
Midlands	-0.061836	0.140710	-0.439459	0.6603
Devolved Nations	-0.036422	0.145778	-0.249847	0.8027
South	0.007243	0.115414	0.062756	0.9500
East	-0.302200	0.167169	-1.807749	0.0706
Education sector	0.307481	0.162030	1.897673	0.0577
Health sector	0.109140	0.169243	0.644876	0.5190
Services sector	0.205242	0.098363	2.086575	0.0369
Not a sole trader	0.012264	0.073164	0.167618	0.8669

Table 12

Dependent Variable: **Solicitor is ranked first (debt= 10K)**

Scenario: **B**

Included observations: **1319**

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.115865	0.085195	1.359998	0.1738
Treatment 3	-0.094614	0.085617	-1.105088	0.2691
Constant	-0.216919	0.147916	-1.466496	0.1425
Has used an accountant in the past	0.133862	0.145418	0.920535	0.3573
Has used a debt adviser in the past	-0.344067	0.172770	-1.991477	0.0464
Has used a family member/friend/colleague in the past	-0.018806	0.148522	-0.126618	0.8992
Has used another professional adviser in the past	-0.093040	0.152023	-0.612010	0.5405
Has tackled the problem on his own in the past	0.176144	0.080100	2.199054	0.0279
Has used a solicitor in the past	0.289620	0.126743	2.285094	0.0223
North	0.150652	0.121930	1.235569	0.2166
Midlands	0.105861	0.139136	0.760841	0.4468
Devolved Nations	0.169952	0.144969	1.172334	0.2411
South	0.141885	0.114546	1.238677	0.2155
East	-0.050478	0.161961	-0.311665	0.7553
Education sector	0.167278	0.161178	1.037845	0.2993
Health sector	0.136754	0.166616	0.820771	0.4118
Services sector	0.093518	0.095833	0.975849	0.3291

Not a sole trader	0.016855	0.072320	0.233053	0.8157
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7.7 Model in which we control for ongoing relationships with an adviser

After controlling for whether or not respondents have an ongoing relationship with a solicitor or an accountant, we find that the results of our benchmark model remain valid, i.e., in all cases except Case 4 (i.e. Scenario B, and debt equal to 10K), the propensity to rank the solicitor website first increases under Treatment 2 and it decreases under Treatment 3. Ongoing relationships tend not to be associated with change in the propensity to rank the solicitor website first, except that in Case 1 (Scenario A debt of 5K) where having an ongoing relationship with a solicitor increase the propensity to choose the solicitor website.

Table 13

Dependent Variable: Solicitor is ranked first (debt= 5K)				
Scenario: A				
Included observations: 1357				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.197047	0.083865	2.349569	0.0188
Treatment 3	-0.263056	0.085415	-3.079749	0.0021
Constant	0.003263	0.146326	0.022301	0.9822
Has an ongoing relationship with an accountant	-0.103785	0.081632	-1.271372	0.2036
Has an ongoing relationship with a solicitor	0.203630	0.081013	2.513554	0.0120
North	-0.090866	0.116459	-0.780240	0.4352
Midlands	-0.181473	0.132270	-1.371981	0.1701
Devolved Nations	-0.088829	0.136714	-0.649739	0.5159
South	-0.095030	0.110155	-0.862693	0.3883
East	-0.109879	0.167835	-0.654686	0.5127
Education sector	-0.223242	0.172613	-1.293311	0.1959
Health sector	-0.138299	0.162240	-0.852434	0.3940
Services sector	-0.009434	0.090059	-0.104750	0.9166
Not a sole trader	-0.066847	0.075599	-0.884242	0.3766

Table 14

Dependent Variable: Solicitor is ranked first (debt= 10K)				
Scenario: A				
Included observations: 1357				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.192403	0.083803	2.295901	0.0217
Treatment 3	-0.163587	0.084202	-1.942790	0.0520
Constant	-0.065596	0.146039	-0.449165	0.6533
Has an ongoing relationship with an accountant	-0.045261	0.081023	-0.558620	0.5764
Has an ongoing relationship with a solicitor	0.067101	0.080324	0.835380	0.4035
North	0.010837	0.115866	0.093530	0.9255
Midlands	-0.151591	0.131109	-1.156216	0.2476
Devolved Nations	-0.112790	0.135915	-0.829856	0.4066
South	-0.138027	0.109568	-1.259736	0.2078
East	-0.149406	0.167447	-0.892255	0.3723
Education sector	-0.133495	0.170788	-0.781639	0.4344

Health sector	0.237826	0.160071	1.485757	0.1373
Services sector	0.145689	0.089909	1.620403	0.1051
Not a sole trader	-0.018510	0.074899	-0.247135	0.8048

Table 15

Dependent Variable: **Solicitor is ranked first (debt= 5K)**

Scenario: **B**

Included observations: 1319

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.207718	0.085091	2.441124	0.0146
Treatment 3	-0.188786	0.087090	-2.167726	0.0302
Constant	-0.344497	0.152546	-2.258310	0.0239
Has an ongoing relationship with an accountant	0.029118	0.081573	0.356959	0.7211
Has an ongoing relationship with a solicitor	-0.100991	0.081233	-1.243216	0.2138
North	-0.107291	0.122368	-0.876795	0.3806
Midlands	-0.038057	0.139478	-0.272849	0.7850
Devolved Nations	-0.016569	0.144602	-0.114586	0.9088
South	0.018388	0.114530	0.160548	0.8724
East	-0.286367	0.165748	-1.727727	0.0840
Education sector	0.307617	0.161451	1.905329	0.0567
Health sector	0.086860	0.168367	0.515897	0.6059
Services sector	0.191692	0.096896	1.978327	0.0479
Not a sole trader	0.049508	0.077158	0.641652	0.5211

Table 16

Dependent Variable: **Solicitor is ranked first (debt= 10K)**

Scenario: **B**

Included observations: 1319

Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.127266	0.084742	1.501801	0.1331
Treatment 3	-0.083673	0.085386	-0.979944	0.3271
Constant	-0.163507	0.150375	-1.087328	0.2769
Has an ongoing relationship with an accountant	-0.014053	0.080391	-0.174810	0.8612
Has an ongoing relationship with a solicitor	0.053260	0.080180	0.664262	0.5065
North	0.146547	0.121027	1.210860	0.2259
Midlands	0.115816	0.138147	0.838354	0.4018
Devolved Nations	0.173050	0.143927	1.202347	0.2292
South	0.145798	0.113492	1.284651	0.1989
East	-0.055290	0.160268	-0.344983	0.7301
Education sector	0.164932	0.160298	1.028911	0.3035
Health sector	0.109168	0.165175	0.660927	0.5087
Services sector	0.071927	0.094649	0.759933	0.4473
Not a sole trader	0.029281	0.076022	0.385163	0.7001

7.8 Additional analysis for respondents with disabilities

The purpose of the models reported below is to test whether the impact of price information among those with a disability is statistically different from the impact observed within the general population. Even though the number respondents with disabilities in the entire RCT sample is sufficiently large (i.e. 534 out of the 3,000 respondents surveyed have indicated to have some form disability), for the purpose of analysing the differential impact of respondents with disabilities we prefer to run a pooled regression where responses for the two scenarios (Scenario A and scenario B) are pooled together and we control for the specific scenario directly in the model specification. We believe that this approach increases the reliability and robustness of our results. Our pooled regressions indicate that respondents with disability have a higher propensity to choose the solicitor in treatment 2 compared to the general population (notice that when the debt is 5k the significance of result is just marginally significant at the 90% confidence level). The results for treatment 3 show no statistically significant difference between respondents with disability and the general population.

Table 17

Dependent Variable: Solicitor is ranked first (debt= 5K)				
Included observations: 2908				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.194083	0.060626	3.201307	0.0014
Treatment 3	-0.206205	0.061457	-3.355294	0.0008
Treatment 2 & Disable	0.160484	0.098619	1.627312	0.1037
Treatment 3 & Disable	-0.034552	0.110029	-0.314030	0.7535
Scenario A	-0.208840	0.046642	-4.477476	0.0000
Scenario B	-0.231852	0.046886	-4.945030	0.0000

Table 18

Dependent Variable: Solicitor is ranked first (debt= 10K)				
Included observations: 2908				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.120255	0.060494	1.987865	0.0468
Treatment 3	-0.124782	0.060266	-2.070498	0.0384
Treatment 2 & Disable	0.171686	0.099298	1.728991	0.0838
Treatment 3 & Disable	0.026362	0.106217	0.248186	0.8040
Scenario A	-0.076719	0.046252	-1.658708	0.0972
Scenario B	0.034225	0.046447	0.736864	0.4612

7.9 Additional analysis for respondents belonging to ethnic minorities

The purpose of the models reported below is to test whether the impact of price information among ethnic minorities is statistically different from the impact observed within the general population. Even though the number of respondents that are British now-white in the entire RCT sample is sufficiently large (i.e. 287 out of the 3,000 respondents surveyed have indicated to be BAME/BME), for the purpose of analysing the differential we prefer to run a pooled regression where responses for the two scenarios (Scenario A and scenario B) are pooled together and where we control for the specific scenario directly in the model specification. We believe that this approach increases the reliability and robustness of our results. Our pooled regressions indicate that when the debt is 5K ethnic minorities have a higher propensity to choose the solicitor in Treatment 2 compare to the general population, and a lower propensity to choose the solicitor in Treatment 3. However, when the debt is 10k the propensity to choose the solicitor is not statistically different from that observed in the general population.

Table 19

Dependent Variable: Solicitor is ranked first (debt= 5K)				
Included observations: 2925				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.192685	0.058219	3.309665	0.0009
Treatment 3	-0.181634	0.059599	-3.047628	0.0023
Treatment 2 & Eth. min.	0.297583	0.139032	2.140393	0.0323
Treatment 3 & Eth. min	-0.350929	0.144981	-2.420514	0.0155
Scenario A	-0.192207	0.046368	-4.145287	0.0000
Scenario B	-0.233919	0.046692	-5.009826	0.0000

Table 20

Dependent Variable: Solicitor is ranked first (debt= 10K)				
Included observations: 2925				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
Treatment 2	0.164632	0.058125	2.832351	0.0046
Treatment 3	-0.103943	0.058594	-1.773945	0.0761
Treatment 2 & Eth. min.	-0.174171	0.137259	-1.268923	0.2045
Treatment 3 & Eth. min	-0.113613	0.133110	-0.853528	0.3934
Scenario A	-0.071757	0.046005	-1.559782	0.1188
Scenario B	0.029818	0.046245	0.644790	0.5191