Consumer segmentation – how to make a start

Robert Cross
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Consumer segmentation

1. The Market Segmentation model
2. Legal needs data
3. Information sources
The market segmentation model

• Developed in 2011 to help understand change and target regulation

• Covers the whole market – regulated and unregulated

• Flexible enough to cope with different data sources

• Has three dimensions

Summary available here: https://research.legalservicesboard.org.uk/news/market-segmentation/
The three dimensions

Type of legal activity

One market segment

Type of consumer problem

Type of consumer
The types of consumer

1. Legally aided individuals
   - Ethnicity, Socio Economic group Income, Age

2. Privately paying individuals
   - Ethnicity, Socio Economic group Income, Age

3. Small Businesses
   - FP/NFP, Size

4. Large Businesses
   - FP/NFP, Size

5. Government
   - Central, Local, Quasi

All consumers

Increasing sophistication
The types of consumer

1. Legally aided individuals
   - Ethnicity, Socio Economic group Income, Age

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Increasing sophistication
Consumer segmentation

1. The Market Segmentation model

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Legal needs – the structure

In the past three years, have you experienced any of the following issues or problems?

You have a legal problem or need

**Individuals:**
29 problem types

**Small Business:**
82 problem types
Legal needs – the structure

You have a legal problem or need

- Do something about it
- Ignore it
Legal needs – the structure

You have a legal problem or need

- Do something about it
- Ignore it
- Seek help from an adviser
- Ask friends and family
- Handle alone
Legal needs – the structure

You have a legal problem or need

- Do something about it
  - Seek help from an adviser
    - Regulated provider
  - Ask friends and family
    - Unregulated provider
  - Handle alone
    - NfP
- Ignore it
Legal needs – the structure

You have a legal problem or need

Do something about it

Ignore it

Seek help from an adviser

Ask friends and family

Handle alone

Regulated provider

Unregulated provider

NfP
## Legal needs surveys

<table>
<thead>
<tr>
<th>Date</th>
<th>Study</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>Paths to Justice</td>
<td>4,125</td>
</tr>
<tr>
<td>2001</td>
<td>Civil &amp; Social Justice Survey (CSJS)</td>
<td>5,611</td>
</tr>
<tr>
<td>2004</td>
<td>Civil &amp; Social Justice Survey (CSJS)</td>
<td>5,015</td>
</tr>
<tr>
<td>2006-9</td>
<td></td>
<td>10,537</td>
</tr>
<tr>
<td>2010</td>
<td>Civil &amp; Social Justice Panel Survey (CSJPS)</td>
<td>3,806</td>
</tr>
<tr>
<td>2012</td>
<td>LSB survey of individual consumer legal needs</td>
<td>3,911</td>
</tr>
<tr>
<td>2013</td>
<td>LSB survey of small business legal needs</td>
<td>4,017</td>
</tr>
<tr>
<td>2015</td>
<td>LSB survey of small business legal needs</td>
<td>9,703</td>
</tr>
<tr>
<td>2016</td>
<td>TLS &amp; LSB survey of individual consumer legal needs</td>
<td>10,528</td>
</tr>
<tr>
<td>2017</td>
<td>LSB survey of small business legal needs (yet to be published)</td>
<td>8,192</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>46,985</strong></td>
</tr>
</tbody>
</table>
Individual consumers – 2015
Small business consumers 2012 and 2015

- **No action**: 9% in 2012/13, 9% in 2014/15
- **Handled Alone**: 67% in 2012/13, 68% in 2014/15
- **Sought Advice**: 24% in 2012/13, 23% in 2014/15
- **Legal Proceedings Started**: 4% in 2012/13, 5% in 2014/15
- **Appeared in court**: 2% in 2012/13, 2% in 2014/15
Meaningful differences - example: problem resolution strategy

**Socio-demographic factors**
- Gender, Ethnicity, Tenure type, House type, Recent victim of crime

**Capability factors**
- Age, Family type, academic qualifications, experience of study or work in law, income, receipt of unemployment benefits, use of motorised transport, physical health status, mental health status, problem characterisation, perceived knowledge of rights, knowledge of adviser types, subjective legal empowerment.

**Problem factors**
- Problem type, problem severity, whether discrimination was involved

**Other factors**
- Problem duration, adverse consequences of problems, psychological factors (including emotional stability, openness to experience, self-efficacy, locus of control)
Meaningful differences - example: problem resolution strategy

Socio-demographic factors
- 2 Problem characterisation,
- 3 Perceived knowledge of rights,
- 4. Subjective legal empowerment.

Capability factors
- 1. Problem type,
- 5. Problem severity

Problem factors
- 6. Problem duration,
- 7. Adverse consequences of problems

Other factors
### Meaningful differences - example: Solicitors customers

<table>
<thead>
<tr>
<th>Type of Firm</th>
<th>Solicitors customers who actively search (n=650)</th>
<th>Solicitors customers who rely on past experience and recommendations (n=1,115)</th>
</tr>
</thead>
<tbody>
<tr>
<td>It was a local business</td>
<td>77%</td>
<td>69%</td>
</tr>
<tr>
<td>It was a regional business</td>
<td>7%</td>
<td>10%</td>
</tr>
<tr>
<td>Funding: Service was covered by the estate</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>I paid for part of it</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>It was free</td>
<td>22%</td>
<td>27%</td>
</tr>
<tr>
<td>Household Income: Over £50,000</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Up to £15,000</td>
<td>17%</td>
<td>21%</td>
</tr>
<tr>
<td>Marital Status: Widowed</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Single</td>
<td>13%</td>
<td>19%</td>
</tr>
<tr>
<td>Divorced/ Separated</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Married</td>
<td>49%</td>
<td>40%</td>
</tr>
<tr>
<td>Home: Rented (council/housing assoc)</td>
<td>8%</td>
<td>11%</td>
</tr>
<tr>
<td>Rented (private)</td>
<td>11%</td>
<td>17%</td>
</tr>
<tr>
<td>Owned outright</td>
<td>35%</td>
<td>29%</td>
</tr>
</tbody>
</table>
Meaningful differences - example: Small business going it alone

- White business owners (ME= +0.072)
- High disability (ME= - 0.066)
- 1 worker (ME= +0.053)
- 10-49 workers (ME= - 0.069)
- Family owned (ME +0.042)
- External Capacity (ME= -0.129)
- Expected profit (ME= +0.072)
Challenges

• What do you want to use the segmentation for?
• How can you look at only meaningful differences between groups?
• Is information on meaningful difference readily available?
• How can you make any groupings meaningful to everyone else?
Consumer segmentation

1. The Market Segmentation model

2. Legal needs data

3. Information sources
Information sources

• LSB data and links to other relevant data can all be found here:

• https://research.legalservicesboard.org.uk/news/data-sources/

Data Sources

Downloadable data available for analysis

In this section you can access a range of data collected via LSB research activity since 2009, and links to other useful data sources in relation to legal services.

Data on legal service providers
Questions?