



The Law Society

The Legal Services Market in 2025: Scenario Planning

Scenario Overviews

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A Law Society project team has produced a series of assessments of the shape, nature and size of the legal services market and the factors likely to drive change in the future, which have underpinned the development of four scenarios for what the legal services market might look like in 2025.

The scenarios are designed to be used as a strategy planning tool for practical use by members (and others), as well by decision and policy makers within the Law Society. Unlike economic forecasts, scenarios are not intended to be predictions. They are simply plausible stories - that is, possible rather than likely - that describe possible futures, and that are grounded in analysis of available evidence. The scenarios described in this document have also built on scenarios for law in the global context developed by the Hague Institute for the Internationalisation of Law (HiIL Law Scenarios to 2030, © HiIL 2012). The HiIL scenarios framework was transposed onto the Law Society framework and key elements from each of the four international environments were built into the futures for England and Wales.

The scenarios

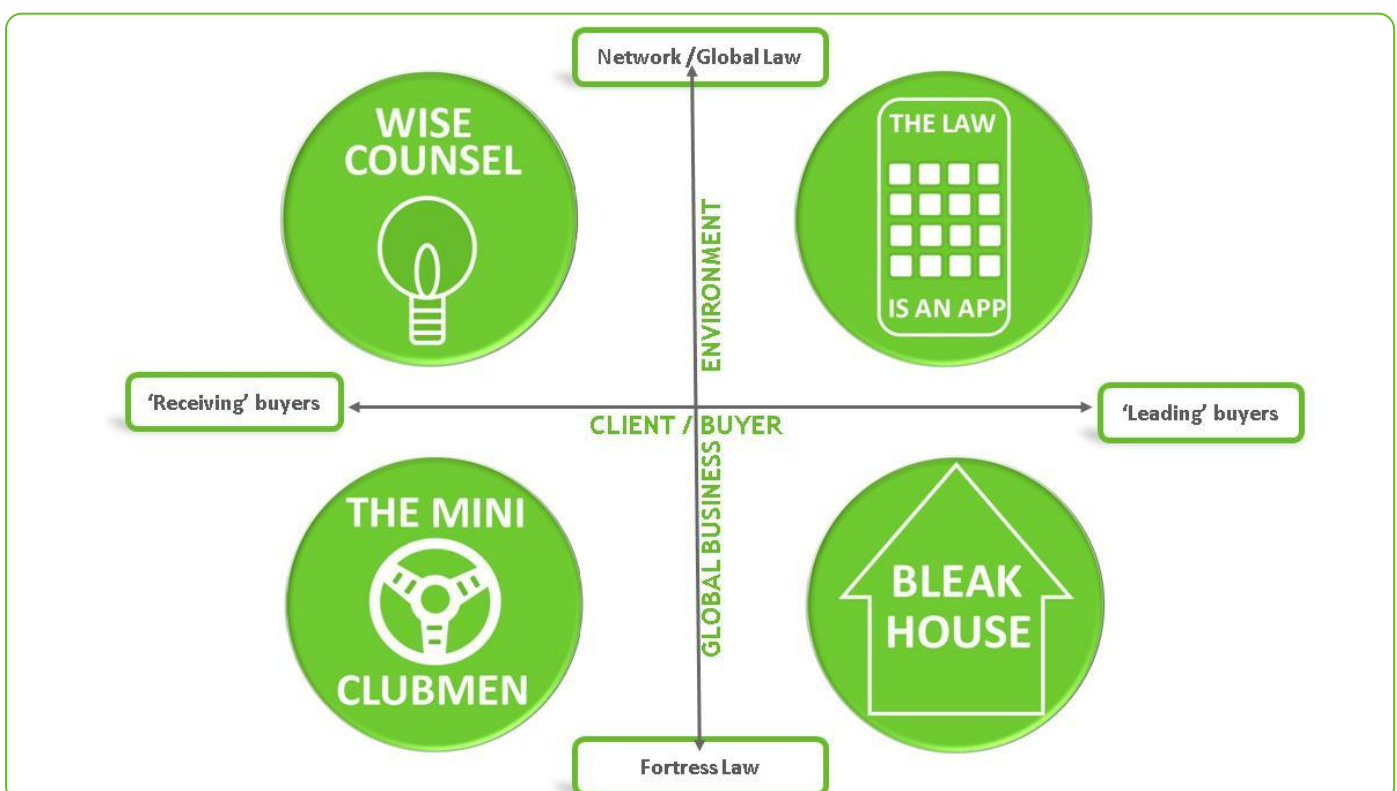
Scenarios are:

- Stories that describe how the market might look in the future
- Possible 'paths' to the future
- Based on analysis of factors, identified through research, that are indicated as having a high impact on the future shape of the market

They are not intended to be predictions or forecast or describe degree of change or likelihood of something happening.

So how were the stories developed?

From a long list of drivers and influencers of change in the wider legal services market, five groups of drivers were identified as having high impact. Out of this group of five clusters, two were chosen through a consensual workshop process as being the most important in terms of impact and the extent to which the range of outcomes was uncertain. These two groups of drivers - buyer behaviour and the global economic and business environment - created the framework for the four scenarios outlined in this document.



The Law is an App



Key characteristics:

- Highly interconnected, global economy
- High global and domestic economic growth
- Global legal environment marked by growth in international rules and institutions, which runs alongside growing dominance of private-public governance mechanisms
- 'Leading buyers' play an active role in shaping the services they want, supported by strong and active civil society organisations
- Innovation has transformed the market
- Smaller number of lawyer-owned entities, but opportunities for all sorts of providers and individual lawyers if they can meet the high expectations of buyers

Description

This is a **highly dynamic, competitive and amorphous** world in which only the fittest, and quickest to adapt, survive.

The global economy has recovered from a series of crises that unfolded from 2008, but very largely through the actions of transnational corporations, NGOs and civil society organisations. These have continued to grow in importance and power in response to widespread loss of trust, and confidence, in states and their institutions to deal effectively and efficiently with all manner of global problems that threatened stability.

The result is a **high growth** national economy in which **demand for 'legal' services** is at an **all time high**. 'Legal' services, however, encompass a much broader range of activities than in 2012, embracing a much more flexible and expandable concept of regulation and a plethora of 'lawyer' roles. Lawyers are problem solvers and facilitators and their success hangs heavily on reputation, trust, transparency, demonstrated effectiveness and complete adaptability to the client's situation.

The global legal environment is characterised by **growth in international rules and institutions** which go in tandem with the **growing importance of the private sphere**, and offers flexibility and adaptability. Formal rules and procedures have come to be considered as old-fashioned and ineffective and are increasingly being replaced by standards. There is much greater tendency than ever for monitoring and enforcement of these standards to be dealt with using mechanisms instituted by the parties involved and without recourse to 'law'. Legal tourism is prevalent: states and private regimes compete to create attractive legal environments for business and wealth and international investors seek flexible legal advisers and legal systems. Competition for London as an international centre for dispute resolution is fierce - it is just one of a number of popular fora, including Singapore which dominates the market for dispute resolution business from well established economic centres in Seoul, Shanghai and Hong Kong.

However, the absence of 'universal' guiding principles makes the **environment complex, confusing and often unstable** and so there is plenty of demand for lawyers who can navigate or exploit this complexity. Self regulation plays an important role.

Economic growth has resulted in **more people being in work**, and **higher average salaries**, and the increased availability and sophistication of Internet-based legal advice and information means that buyers of legal services are more inclined and more willing to investigate aspects of legal problems themselves. **Buyers are increasingly powerful.**

In 2025, 'leading' buyers of legal services have little loyalty to providers, emboldened by the availability of tailored information that minimises the information asymmetry between buyers and 'legal' service providers. They are confident in their ability to negotiate and have high expectations about the delivery and outcomes of purchasing legal services.

Buyers are **inclined to take on aspects of legal problems themselves** and technology enables this as the gap between data-processing and knowledge-processing has narrowed substantially so that buyers get all and only what they want in their quest for information about their legal needs. Tailored information about ways of resolving problems is available to buyers. Retail buyers want and expect plurality when purchasing legal services and expect services to be available via social media and mobile connectivity.

Buyers play an **active role in shaping** services and the result has been a proliferation of alternative systems of dispute resolution - solicitors are welcome advisers but the skills involved are not always, necessarily, strictly 'legal'.

- For some **large business buyers** a global provider which can match their presence in many different economies is essential. Savvy business buyers' continued pressure on pricing has resulted in **fixed prices** being offered on a **much wider scale** amongst the global elite - those firms have exhausted all other means of negotiating away from that position and there are many alternatives to standard private practice firms.
- **Individual buyers** are informed about their needs and options, they **shop around** and take action if their needs are not met. The title of '**solicitor**' is **no longer** used as a **proxy** for an acceptable level of **quality** by individual buyers - indeed it is becoming, if it is not already, largely irrelevant in this world where lawyers are problem solvers and problems are not so easily boxed into distinct categories. The term 'lawyer' is much more widely used in the market as a whole and buyers are more concerned to know whether or not their purchase is regulated.

The qualification of solicitor is still valued by many large firms as a way of sifting candidates. Although there is **growth in demand for legal services overall**, expectations are sophisticated and only the fittest survive. The market for providers is **characterised by a smaller number of lawyer-owned entities**. There are opportunities for all sorts of providers, including solicitor-led firms, who can adapt and meet the high expectations of buyers. There are huge opportunities for individual lawyers, including solicitors, in many different types of organisations as there are many different routes and paths to follow with the potential for a hugely variable career. In all but the largest firms the quest for ownership by solicitors is no longer the pinnacle of achievement.

Innovation and entrepreneurialism are the keys to success for providers of legal services. There is a huge variety of different types of providers, encompassing both traditional solicitors firms and ABSs with diversified ownership structures. Larger ABSs have stepped in to provide basic legal services economically through bulk provision and commoditisation. Providers have to be excellent communicators and totally transparent about their pricing and the value that attracts any premium. Early adopters of ICT advancements have set trends and revolutionised the market: services are commonly provided via multiple channels, catering for the different needs of buyers at different times (including 24 hour services) and using the full range of media available.

How did we get here?

The failure of the international community to prevent, and deal effectively with, the financial crisis of 2008 resulted in severe loss of trust in the state and its institutions. The result was that corporations, NGOs and communities shifted focus away from the state towards more active involvement in governance (organisations and regulation) and self-reliance encompassing a major shift in the principles determining international governance. The interest of newly dominant economic powers in long established effective frameworks for supporting business and international commerce was good for the UK in many ways.

Non-state actors came together determined to work to avoid the instability of the 1990s and the period between 2008-2015. Most governments were caught unaware and the UK government was only moderately ahead of the game in grasping the shift and its consequences - its courts were well prepared for the complexity of transnational cases but not the volume and its rules around immigration deterred too many parties in the earliest stages of the shift - and cases moved on.

The trigger was internationalism itself: the limited ability to really understand 'foreign' legal systems drove cross-border corporations and citizens to turn to alternative systems of dispute resolution, which they set up themselves, either for specific disputes or in a more institutionalised way. The momentum carried activism into the individual sphere.

What might this mean for each of the main sectors?

- **Solicitor Firms - Top 200:** Global economic growth has strengthened firms in the top 20 (by revenue), particularly the magic circle firms. Many UK firms in the top 20-200 have expanded internationally, with some taking advantage of opportunities in emerging markets. Top 200 firms include many ABS and 'traditional' firms compete with rivals and new entrants by expanding on services currently provided or specialising. Greater competition has resulted in consolidation as firms struggle to keep apace of technological advances and increasing client/buyer demands. Some top 200 firms that have not merged have protected and developed niche or specialist areas.
- **Solicitor firms - outside the top 200 (retail/high street):** Intense competition in the legal services market has resulted in considerably fewer 'high street' solicitors firms. Firms have merged, become part of a global brand or closed down as a result of a more active consumer demanding online legal services, fixed pricing, flexibility in service delivery. Small and medium firms still in business have taken the opportunities to specialise in niche areas of work e.g. specialisation in terms of client type, in aspects of typically commoditisable work that require tailored provision.

Specialist sole practitioners have a place in this market but specialism includes a range of practice areas not traditionally understood as 'retail' or 'high street' work. These are often individuals leaving large firms and setting up bespoke practices on their own.

- **In-House Practice:** The value of in-house counsel has risen and companies have expanded their in-house legal capability, increasing the range of work conducted by their legal teams. Growth in this sector continues.
- **Advocates** - Specialist advocacy skills are still valued but barristers are much more dispersed and generally work with other lawyers/professional in different kinds of **providers**. Direct access and Procre Co took time to establish a small hold in the market - mainly used by business clients.
- **The wider legal services market (e.g. ABSs and unregulated providers)** - ABSs are prominent and represent a large share of total turnover in this market. Unregulated providers have to be extremely good at self-regulation in order to survive.



Key characteristics:

- Rapid economic and socio-cultural globalisation together with increased complexity
- High global and domestic economic growth
- Increased internationalisation of law and legal institutions of a predominantly public nature
- ‘Receiving’ buyers present very limited stimulus for providers to change
- Innovation is enhancing rather than transformational
- Solicitor managed enterprises remain the largest block of providers and retain a substantial share of the growing pool of work

Description

In 2025, **legal expertise is highly valued** and **demand for good quality legal services is strong**. Solicitor-managed enterprises remain the largest block of providers and retain a substantial share of the growing pool of work; however, the shape of the market has altered.

The global economy has recovered very well - facilitated by a coordinated global effort - and the result is a prosperous and **increasingly interconnected world**, but certainly a **more complex** world of varying and often **overlapping regulation**.

As a result of increased trade and socio-economic interconnectedness there have been several successful attempts to increase the influence of global institutions. The **English and Welsh legal system** has been ‘copied’ in the global constitutional order to varying degrees across the major legal areas covered - its influence is particularly apparent in **global law relating to contracts** and the **definition of the Rule of Law** as finally endorsed by the UN, but much less so in the law relating to Torts. Consequently commercial arbitration and dispute resolution skills possessed by English legal services providers are in high demand globally and **expertise in constitutional and global administrative law is at a premium**.

There has been a shift back to **more prescriptive rules** (which apply to legal services) and there is a **global competition regulator for legal services**. Regional and sub-regional organisations are augmented by sector-wide legal orders (for example in IP) and are linked to regionally defined interests. Consequently, the demand for legal services is strong and growing.

On the domestic front, economic growth has resulted in **more people being in work** and higher **average salaries**, but also **longer working hours** and **lengthier commutes**. Non-work time is also under pressure: the retirement and ageing of the ‘baby boomers’ means that workers devote **more time to the care and support of older relatives**.

The consequence of these global and domestic socio-economic changes is similar for both business and private buyers of legal services: greater complexity, too little time (for working-age people and businesses); and high disposable incomes. **Buyers therefore do not commonly have either the time or the inclination to shop around** extensively or to be closely involved in the resolution of their legal needs and problems (of which there are more than in 2012). On the contrary, they **have the money** and the **desire** to seek **expert advisers** to act on their behalf and so remove the burden from beginning to end.

Demand for competent and expert advice is, therefore, higher than was the case in 2012, growing well. There is strong demand for commoditised legal services of a high standard and with quality assurances. Generally, greater complexity (in both the business and retail environments,) coupled with a lack of time (and/or inclination) to learn, means that the **information asymmetry between lawyers and buyers remains substantial**, with a knock-on demand for expertise, particularly in the retail sector.

Developments in information and communication technologies continue unabated. New technologies are available more cheaply than ever before. However, the gap between the ability to create, reproduce and disseminate information, and the capacity of systems to help analyse, sift and isolate relevant information means that **buyers are overwhelmed with too much, irrelevant information**. This impedes their ability

to do more for themselves by way of comparing providers and engaging effectively in the resolution of their legal problems even where - as in the case of the expanded retired population - they have the time. Technological advances are used by entities to improve efficiency and lower prices to buyers while enhancing the quality of service offered.

Buyers' **primary concerns** when choosing a provider are **specialist knowledge and experience, service quality, convenience and value added over cost**, with a consequent demand for reliable routes to redress, necessitating a robust system of regulation. Retail buyers **continue to rely on authorised 'titles' as a proxy for quality** even where they use the Internet to narrow down choices and select the best specialist. However, cost factors are a strong secondary concern: in a competitive environment with many providers and much greater use of the Internet to search for providers, and less reliance on personal recommendation - particularly for younger cohorts - **buyers expect value for money to be demonstrated** and excellent service quality (although they expect to be relieved of their problem almost entirely, they expect to be kept informed about progress).

Despite the high rate of growth in demand, and the continuation of solicitor-managed entities' share of the market remaining substantial, the shape of the market has altered. The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO) reforms caused considerable consolidation in 'high street' practice, as did the entry of big brands into the market from 2012. The result is that there are fewer firms and they are, on average, larger than was the case in 2015. The increasing uptake of affordable legal expenses insurance, teasing out latent demand for legal services, and higher standards of living have prevented a total collapse of that sector over the longer term.

The opportunities provided by ABS, non-lawyer ownership and external investment have been utilised by providers, particularly those looking to expand. The emphasis, however, is on practitioner-management as a mark of quality service. ABS on the model of Co-op - where there is an emphasis on qualified provision and practitioner management - are a success. However, the non-lawyer managed ABSs which launched from 2013/14 on the basis of offering cut-price or even largely DIY legal services have not made substantial inroads into the market. Following high-profile, and hugely costly, mistakes by many of these firms in 2013 and 2014 - attributed in the press to poorly trained and under-qualified staff - the overall image of non-lawyer managed entities became tainted.

How did we get here?

A number of crises from 2007 - financial, environmental, security and resources - revealed global interdependencies and spurred states on to find effective solutions with alacrity.

The UK's leading role in the global recovery project was positive for British business. Steps were quickly taken to strengthen international contract law, based on the English model which, combined with strong economic growth globally, aided the position of the UK and English and Welsh law firms were quick to utilise their expertise and expand.

International developments aided recovery at home. By 2018 more people were in employment than ever before, and average salaries rose substantially. The ageing population meant that taxes were marginally higher, but increased immigration from an expanded EU ameliorated many of the worst impacts so real disposable income has not suffered unduly.

What might this mean for each of the main sectors?

- **Solicitor Firms - Top 200:** The strong global economy, coupled with increasing use of English language and English and Welsh law, and new layers of complexity created by an evolving global regulatory structure for business and finance mean that demand for global legal services is high. The top-25 UK firms are strong, and are spread across the world. However, the composition of the top 26-200 firms is altered slightly, as new entrants (the result of consolidation in the high street sector, different forms of alternative business) take their place.
- **Solicitor Firms - outside the top 200 (retail/high street):** Greater complexity in day-to-day life, reduced free time and plentiful disposable income (on average) has resulted in higher demand for retail legal services. However, a multitude of factors tend to favour larger firms with economies of scale, among them: increased reliance on ICT; the spread of before-the-event policies tied to panel membership; and buyers' preferences for firms with a strong reputation (developed through a large marketing budget and a broad range of specialist lawyers). There has been substantial consolidation, with many generalists merging or shutting down. Sole practice, however, is holding out in niche specialist areas of law or client groups (it has largely collapsed in the commoditisable areas, in which scale and volume of work are important drivers of viability).
- **In-House Practice:** Despite increased demand for legal service, the rate of growth of in-house practice has slowed by 2020 largely because of the range and complexity of businesses' legal needs and the lower priority placed on cost savings. Demand for a wide range of very specialised skills often makes outsourcing, in one form or another, a better value purchase, holistically, than maintaining large teams of specialist in-house lawyers. In-house teams are increasingly procurers and business advisers.
- **Advocates:** Buyers of legal services value expertise highly and, in this increasingly complex world, specialisation is valued highly. The result is that the division between the barristers and solicitors remains as buyers able to choose tend to view barristers as first order specialist in provision of advocacy services.
- **The wider legal services market (e.g. ABSs and unregulated providers):** ABS and traditionally 'non-legal' brands enter the market but do not dominate. Most ABSs, except those explicitly tied to strong and trusted brand that remains untarnished, and which focus on quality, fail to make substantial inroads into the market. This is not to say that ABS models do not exist - indeed many of the top-200 solicitor firms operate as ABS, in order to attract outside investment. Key to this scenario, however, is that management of these firms is likely to remain solely or predominantly with legal practitioners of one sort or another. Many new unregulated entrants become synonymous with low quality, cutting corners and the absence of client protection when service quality is poor.

The Mini Clubmen



Key characteristics for this scenario:

- Global markets have levelled out - nation states are more inward looking and protectionist
- Low global and domestic economic growth
- Global legal environment is fragmented - legal borders have thickened and the former trend of expansion of international rules is in reverse
- 'Receiving' buyers present very limited stimulus for providers to change
- Innovation has enhanced rather than transformed
- The market for legal services is smaller overall, but the 'solicitor' title is often preferred to alternatives, so their share of this smaller market is protected and is relatively stable at 2018 levels.

Description

In 2025, the legal services market in England and Wales is like the mini clubman car. The 2025 mini may not be the classic 1960s British car - it is manufactured differently; it may have GPS and an iPod docking station and a few more whistles and bells - but it is **still largely familiar**. In 2025, legal services are enhanced by technological processes and means of communication, but the market is fundamentally the same shape, even though much smaller than was the case in 2012.

The successful rise of a number of new global powers - including some strong non-democratic states - has changed the dynamic of 'internationalism'. **Regional pluralism** has resulted with strong context-specific interpretations of concepts such as human rights, the principle of legality, and Rule of Law. Actual and legal borders are strong and **protectionism** is the order of the day.

States play strong roles in the global economy and legal environments, and their budgets have increased. Markets are regulated and the corporate world has limited space in which to regulate itself; most corporations have been **forced into national or regional choices** through taxation rules, customs regimes, permits and other mechanisms. A few corporations have achieved success through legal tourism - taking advantage of differences between states and regions - supported by international law firms.

From 2015, retrenchment from the internationalisation agenda has resulted in stagnant growth in the domestic market. The legal market in England and Wales is much more **inward-looking** and is experiencing a **decline in demand**. Few large firms have been able to invest in the comparative legal knowledge required to specialise in legal tourism to compete for the smaller pool of remaining, truly 'international' corporations. This increases competition between regional and local firms in the domestic market.

London is no longer a major centre of commercial arbitration - disputes are negotiated and mediated in centres around the world and English and Welsh law is just one jurisdiction among many, none of which dominates. English and Welsh firms with global practices in 2012 located their Head Offices in jurisdictions in which they could operate most easily before borders thickened too much. For those remaining in England and Wales, **international practice is restricted to the EU** and growth is severely constrained, with England and Wales playing host to fewer international lawyers.

Buyers are 'receiving' and their behaviour has changed little since 2012. Power and information imbalances are still weighted in favour of providers, either because information asymmetry persists or because business purchasers have fewer options and bargaining positions.

The closing of borders has meant higher domestic employment rates, but low levels of economic growth mean that disposable income levels are not generous for many and people tend to work longer hours. This leads to **increased demands on retail buyers' time**, resulting in many individuals struggling to juggle more than one job alongside the care of both old and young dependents.

The vast majority of retail buyers do not have the time or desire to shop around, let alone take an active role in solving difficult problems themselves or monitoring service and outcome quality. Those with the time - for example, larger numbers of retirees - are still of the generation to opt for personal recommendation and previous experience when choosing suppliers.

Many buyers do not take full advantage of the amount of legal information available on the Internet and those who do have time to search are not confident that they know enough about legal services to compare the value of services or the quality of the information provided. Technological advances have not closed the gap between the ability to create and disseminate information and the capacity of systems to help analyse, sift and sort relevant information; so potential buyers are swamped with too much (and often irrelevant) information. Solicitors benefit from established perceptions which associate the solicitor title with 'quality assurance' and 'professionalism' and, as such, the title of '**solicitor**' is **trusted** and remains a well-used assumed proxy for quality.

At home, apart from the small number of 'global' UK law firms able to compete in the market for rule tourism, the largest firms compete in the limited arena of England and Wales and Europe. Competition is fierce. The profit-per-partner gap between the large and small firms has decreased. The number of retail firms has shrunk, but solicitor-led firms' share of the (albeit smaller) market is relatively stable at 2018 levels.

New entrants have not transformed the market in the way many anticipated following the licensing of the first ABS. Low incentives for entry and buyers' continued preference for the assurance of authorised titles meant that well-prepared solicitor-led firms were able to hold their own by investing in technology, joining franchise networks, sharing back-office solutions, whilst promoting the 'SwaS' assurance mark: 'Safer with a Solicitor'. Such collaborations provided feisty (and often successful) competition for branded businesses entering the market.

Across all types of firm the latest technological developments are utilised to advantage in terms of communication and service efficiencies. Technology is an enabler and enhancer and improves the customer experience of 'traditional' customer service, rather than changing the customer offer markedly. In this market there is **little external drive for traditional firms to be innovative and entrepreneurial** - though clients expect them to be au fait with modern forms of communication. Law firms deal with legal matters and generally have not expanded to offer other services such as insurance or business consultancy.

State initiatives to stimulate uptake of before-the-event insurance policies by individuals and small and medium businesses have mitigated some of the negative impact on demand for legal services unleashed by the Legal Aid, Sentencing and Punishment of Offenders Bill (LASPO), but the effect can be described as too little too late - the **retail market cannot be described as buoyant**. Firms compete with one another in a market in which demand for legal services is not growing substantially and only those who can provide affordable prices for common legal issues, or those who specialise in bespoke, tailored services (which people are prepared to, and can, pay for) survive, but retail purchasers still rely heavily on recommendation and previous experience and, consequently, solicitors are often preferred to alternatives, so their share of this smaller market is protected.

How did we get here?

The focus on national interests and the emergence of legal and other borders - resulting from the choice between security and stability, rather than high growth - was triggered by a number of events. Toughened immigration restrictions in response to growing numbers of security threats, the failure of the international community to resolve the consequences of the financial crisis sparked in 2008, and the continual rise of more economic and political powers (including many less willing to compromise), culminated in protectionist responses around the globe, not least in the UK.

As economic experts speculated on the implications of these market fluctuations, the largest international law firms invested heavily in expertise to exploit rule tourism; those unable to do so joined the pool of domestic firms fighting for a smaller supply of work with inevitable consolidation of this group.

Protectionism filtered through to individuals, inspiring greater localism and an element of mistrust of the unfamiliar and unconventional.

What might this mean for each of the main sectors?

- **Solicitor Firms - Top 200:** The difference between the biggest firms who remain part of the England & Wales system and other firms decreases as the chance to make international profits diminishes - few of the top firms are able to invest properly to seize the opportunity of the rule tourism of large corporations (and there are fewer large corporations offering this business). The Top 200 use technology to help offer a better service to their clients, most of whom will be FTSE 350 companies. The environment offers less complexity and lower volumes of work than before, and therefore much tougher competition - price competition features heavily in the sector.
- **Solicitor Firms - outside the top 200 (retail/high street):** Growth in demand for retail services first stalled and then went into decline due to the impacts of LASPO, pressure on household incomes - mitigated only in part by slow uptake of BTE policies. Small and medium sized firms have suffered in consequence. The sector is much smaller than in 2012.
- **In-House Practice:** Growth in in-house lawyer numbers halted in 2020. As businesses have less need to deal across borders, the number of in-house solicitors specialising in international business activities declined. The growth in 'local' markets means that fewer enterprises can afford to employ in-house solicitors but instead turn to their private practice solicitors for all their (personal and business) legal needs. Large businesses operating in smaller, less complex markets need smaller in-house teams.
- **Advocates:** The advocacy professions splinter. Top barristers and QCs cluster around major cities, undertaking high level business, criminal and political cases; regional needs are met primarily by local solicitor advocates.
- **The wider legal services market (e.g. ABSs and unregulated providers):** ABSs exist but their entry in the market has not had a major distorting effect - fixed fees offered are not that different to solicitor-led firm fees and ABSs generally have to employ substantial numbers of solicitors to satisfy clients' expectations. Technology use is much more widespread across the market - so this is not a unique selling point - and buyers want some face-to-face which many ABSs tend not to offer readily. In large part, the economic climate has not provided the necessary incentives for major investment and innovation. Unregulated providers persist but have not advanced on solicitors' position in the market - some limited extension of reservation has put a cap on the unregulated market.



Key characteristics for this scenario:

- Dream of globalisation is a memory
- Low growth globally and nationally - wealth, effort and profit tend to be generated at the local level
- Processes of legal internationalisation are in reverse leading to a fragmented global legal environment - regional legal pluralism; 'thickened' legal borders; protectionism is rife. The importance of private legal and governance regimes is on the rise
- 'Leading' buyers shop around, search for and use information, have high expectations of delivery and service and are prepared to be actively involved in the resolution of their problems
- Innovation in the legal services market has been stifled
- Traditional forms of law firm persist, but their share of the total market - in terms of turnover contribution - is at an all time low; overall, their numbers are in decline in the face of competition for a reduced volume of legal work.

Description of the scenario:

The legal services market in England and Wales in 2025 is a world of **tension between buyer and provider** and the outlook is **bleak**.

The global economic environment is one of **increased localism** and small-scale networks for businesses and organisations - the concept of globalism is passé. The multinational companies of 2013 have broken up into national or regional components with only a few remaining with any real global coverage. Wealth distribution is highly polarised around the world, as well as in England and Wales, and a greatly reduced tax base means that **resources are limited**. This is an environment of **low economic growth** both in the domestic and global economy.

Against this backdrop, the legal environment is one of 'thickened' legal borders with **retrenchment of the historical trend for greater internationalisation** of the late C20th and early C21st. **Protectionism** between jurisdictions is rife, resulting in little coherency and a drastic diminution in the value accorded to the concept of the Rule of Law globally. In places where it remains of value, its meaning is highly variable; in many areas of the world it has no currency whatsoever.

Whilst some English and Welsh legal practices have some limited international operations, the industry as a whole is mainly focused on the domestic market and actively looks to protect its local market from vestigial, wider global competition (in line with the trend internationally). What remains of international legal work tends to be limited to the regional level (EU, north America, for example). London is no longer the financial global centre it once was and, for legal services such as commercial arbitration, it is just one of many centres of dispute resolution around the world. Because economies around the world have localised, the number of potential international disputes has fallen substantially since 2012.

This high degree of fragmentation and pluralism has impacted severely on the export value of English and Welsh Law and the qualification of English and Welsh solicitor. Overall, growth in demand for strictly legal services is low in the domestic market, resulting from a combination of factors including: problems relating to affordability; low uptake of legal expenses insurance; the absence of legal aid; the proliferation of alternatives to strictly legal remedies and processes.

Buyers display little loyalty. They are **well informed** and **readily switch** provider, and **seek retribution** if unhappy. The attitudes of these 'leading' buyers are emboldened by the availability of **tailored information** that **minimises the information asymmetry** between purchasers and providers. Buyers, retail and business alike, have high expectations about **quality of services** and **ease of delivery**; **they shop around** and **negotiate fiercely** on price.

Low levels of economic growth have been reflected in **high unemployment rates**. For those in work, stagnant salary levels, combined with rising costs of living, mean that **disposable income levels are historically low** for individual buyers. In the retail market, this means that, more so than in 2012, buyers of legal services have more time as well less ability to pay for non-essential services, and are thus **highly motivated** to investigate, and resolve, aspects of legal problems themselves or use the lowest cost means. Many, if not most, retail buyers want to **'right-size'** their legal needs so that they complete as much of the work themselves before involving a legal professional for particular aspects of the process, and only where absolutely necessary.

The convenience of receiving guidance that is mediated by a legal professional takes a back seat because of the combination of economic pressures, improvements in the quality and utility of information available at people's fingertips, and a **prevailing perception** that **legal services are not substantially different** from any other services they use. The **title of solicitor has little market value** - it has ceased to be used as a proxy for quality by all but the oldest age-groups, and price has become the main determinant of many retail purchase decisions. Buyers are more interested in specifically relevant qualifications and/or experience.

Unregulated providers have the advantage over regulated providers, initially, in many areas of work - along with those only offering newly reserved activities unattached to title - because they have lower, or no, regulation costs, and lower staff costs, than solicitor-led firms in general. In the area of reserved activities, regulated providers are often not able to provide buyers with exactly what they want through a combination of factors including: widespread lack of capital available to invest in technology and infrastructure; often combined with continued high running costs per transaction; and some vestigial resistance to change.

Although business buyers are much more likely to view legal problems as **requiring specialist skills**, in current economic conditions the active business buyer demands more **flexibility**, wants to **work closely** with the legal service provider and is very likely to exercise the option of using cheaper alternatives - pressure on the fees of large solicitor-led firms is immense. Large firms have been reluctant to offer this flexibility - few have been willing to be first to set the precedent - so the margins on business clients' work, and the volume, are in decline.

Innovation across the market as a whole has been marginal in the preceding decade. Providers generally deliver a **limited range of tools** that allow the buyer to **engage in the process** but this does not extend to unbundled services that permit buyers to 'right-size' in the way they would like. Technology (where it has been invested in) is used to **improve providers' margins but not to transform buyers' experiences** of legal services. Although buyers can access services online, **providers tend to try maintain control and ownership** of the legal service offerings they provide.

External investment has not flowed into the market to make a dramatic difference to buyers, deterred by high set-up costs and low profit incentives from the earliest days. Early entrants that survived to 2025 have often been unable to fix fees at levels that are readily affordable in the current climate and, for some, their scale and models are a handicap in delivering the more tailored service delivery that buyers want or can afford; however, there have been some successes. **Traditional forms of law firm persist**, but their share of the total market - in terms of turnover contribution - is at an all time low. Overall, their numbers are in decline (and have been for years).

The result is a market of providers in which constrained **success is highly polarised** between specialists/niche practices (large and small) and larger scale, high volume retail providers, with large numbers of providers in-between ailing (struggling with low profitability) or failing (those who were unable to afford to exit in the early ABS era because they lacked the knowledge or ability to reduce costs effectively, become appropriately e-enabled or market themselves in order to survive in an aggressively competitive market). For buyers, the situation is one of **decreasing choice** (of provider and better tailoring of service) and mounting frustration. Alternative, and unregulated, forms of dispute resolution and transactional processes are on the rise; **standards** of service and outcome are **highly variable** and the **volume of complaints mounts**.

The situation for both firms and buyers is **bleak**, and buyers increasingly resort to alternatives with varying degrees of success and protection - and many individuals and businesses simply do not have the means to find effective solutions.

How did we get here?

Global budget cuts and states' ineffectiveness in restoring stability and economic recovery set the trajectory for the beginning of the end of the importance of the state and the concept of globalism. The financial banking crisis, and subsequent Eurozone devaluation drove international governments to look to their own individual financial stability in a move away from an increasing dependence on global import/export markets. Economic instability and rising energy costs slowed China's move to world power prominence, and the fallout from natural disasters in Japan and Indonesia knocked confidence in the Asian markets.

Massive loss of trust by civil society in governments, businesses and the international system was effectively harnessed by anti globalisation movements. Private legal and governance regimes are becoming ever more important.

The largest international law firms refocused their operations, making choices about staying in England or relocating in regions in which they anticipated they would be most profitable, or breaking up into smaller parts in order to be able to operate in different markets, where allowed.

Poor economic growth rates impacted on the demand for legal services from businesses and individuals and, therefore, the volume of work to be shared across suppliers and the flow of capital necessary for adaptation, innovation and development.

What might this mean for each of the main sectors?

- **Solicitor Firms - Top 200:** A change in the makeup of the top 200 has been witnessed, given the focus on the domestic market. There are more firms bidding for work from the same large clients - although the scale of those law firms means that they are still more profitable and resilient than typical retail firms. Top 200 firms in the main retain the traditional partnership structure, however consolidation of the top 200 of 2013-15 has been a major feature. The top 200 now includes ABS in the forms national brands, and PI firms partnered with claims management companies, and major (almost monopoly) providers of the few remaining legally-aided services, as well as some who have expanded beyond 'legal services' to provide back-office systems and data protection, franchised to smaller firms.
- **Solicitor Firms - outside the top 200 (high street/retail):** A dramatic change in structure and reduction in the number of firms that make up the 'high street' has been witnessed. Localism manifests itself in some continued initial support for traditional, local firms - and continued viability in specific locales - but in the economic climate, only those which were able to reduce costs were able to undercut competitors in the local market and win new customers. The smallest, generalist firms are, in many cases, no longer viable as costs are too high to be able to compete. Small and medium firm failure rates are high because of the competition for limited work in key areas represented by unregulated providers, a small but significant number of successful ABS brands, and the intensification of competition within the domestic market from large solicitor-led firms.
- **In-House Practice:** In constrained times, where direct DIY has been a viable option, in-house numbers expanded to a point and growth in in-house numbers has stalled since. The economic climate has meant that businesses have tended more recently to rely more on LPO, lawyer leasing and other ways of reducing staff costs. Furthermore, since business operations and interactions are less complex, and private means of dispute resolution are on the rise, there is less recourse to law.
- **Advocates:-** A need for specialist representation and advocacy continues to exist but at reduced levels because fewer disputes go to court and fewer at the international level. The publicly funded bar has been decimated. Fusion is inevitable. BarCo and Procure Co took a long time to establish because of the stronger public recognition of the 'brand' of solicitor. Barristers increasingly work as general 'lawyers' in-house alongside solicitors and other 'untitled' lawyers.
- **Other providers (e.g. ABSs and unregulated providers) -** ABSs have been trialled but have not succeeded in taking a dominant share of the market except for a small number of national brands that have managed to successfully enter and maintain a significant share in particular sectors of the market. There are more opportunities for unregulated providers but these providers often lack the flexibility or protections that buyers seek.