

## Should doom merchants have gone to Specsavers?

by Catherine Baksi

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With the new year came the long-awaited announcement that the Solicitors Regulation Authority has begun processing applications from companies looking to become alternative business structures.

This date has been anticipated by many law firms with trepidation, as some commentators have predicted that the advent of ABSs [1], which enable non-lawyer owned companies to offer legal services to the public - so-called Tesco law, will mark the beginning of the end for independent high street law firms.

But a data analysis on the impact of competition in the optometry market gives some cause for hope to lawyers.

Comparisons are often made between the optometry and legal services markets, striking fear in the hearts of high street law firms, with the assertion that following the ABS revolution the legal market will go the same way as the opticians market, being left with only a handful of big players. In the case of opticians Boots, Specsavers, Vision Express and Optical Express.

Law firm network Simplify the Law, which launched at the end of last year, [commissioned research from an optical consultancy and market research company SWV](#), to examine the impact of competition in the optometry market.

Jonathan Brewer, co-founder of Simplify the Law, explained that in 1985 the Opticians Act, which had provided a legal monopoly to opticians for sight tests and the dispensing of spectacles, was repealed in the hope that new competition would increase consumer choice and therefore reduce prices and increase value for money.

At that time there were 3,500 independent optical outlets enjoying 65% market share by revenue. A further 2,250 outlets were already part of small chains, with the largest provider and first mover Dollond & Aitchison, offering its branded services through 452 outlets and Specsavers through 10.

So, twenty five years on, how many independent opticians are there? My guess was about 500.

But the somewhat surprising answer, according to the research, is that in 2010 there were in fact 3,790 independent optical outlets.

So despite the money spent by new entrants to the market as well as the more established brands like Boots deciding to join, the number of independent operators actually increased, showing that many consumers of optical services and equipment continued to choose their independent local optician rather than a big brand.

Which, says Brewer, is good news for law firms.

However, before managing partners sit back with a sigh of relief, Brewer points out that there has been a significant change in the market share and overall revenue of the independent opticians. The market share of independent opticians has fallen from 65% in 1985 to 27.5% in 2010, while the market itself grew by 80%. And their revenue has reduced by 40%.

Brewer notes that the independent firms missed out on the huge growth opportunity presented by competition, while the growth was generated by the four retailers named above that poured the most marketing money into their ventures.

The message of hope for high street firms from the optometry market, according to Brewer, is clear - there is a place for independent law firms in the new legal landscape, providing they can lower their cost base sufficiently to withstand the downward pressure on price that usually accompanies greater competition.

There is, he says, greater hope for those with the means to innovate and market effectively. He comments that the growth in the optometry market was not because the nation's eyesight suddenly got worse, but because the advertising by new entrants opened people's eyes to the benefits of proactive eye care, the utility of plastic lenses and disposable contact lenses, and the opportunity to use glasses as a fashion accessory to improve your looks.

Brewer does not pretend that legal advice will ever improve the way a clients looks, but he says the increased awareness of legal issues generated by the advertising by new big brands and legal franchises, may encourage individuals and businesses to take a more proactive stance with regard to their legal health.

Obviously there are differences between the optometry and legal markets, but the comparison shows ABSs with big brands may not spell doom and gloom for high street firms - at least for those who are prepared to take positive action.

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