
MYTHS ABOUT MARKET RESEARCH

by Sally J. Schmidt

You've probably heard about the three kinds of lies: lies, damned lies and statistics. Unfortunately, some law firm market research falls into the third category.

Although the legal industry has been notoriously slow to adopt market research as a decision making tool, law firms are employing research techniques increasingly, sometimes in the form of client surveys and sometimes to support strategic planning efforts. In addition, a number of "off-the-shelf" varieties of research are being marketed to law firms, and vendors are using research results to support their claims of effective services or products.

Unfortunately, not all of these research efforts are statistically sound, unbiased or even worthwhile. In fact, the results of poorly designed or executed surveys can be downright misleading. For those who are novices in the area of market research, I have outlined below some dangers of which to be aware, whether developing a research program, commissioning research services, or buying studies from outside vendors.

DANGER #1: APPLES AND ORANGES

One of the most important factors in using comparative data is making sure the "populations" are comparable—the proverbial apples to apples. In an attempt to determine its market penetration of a particular industry, one firm compared the number of its *major* clients in that industry segment (i.e., those falling in the top 75% of fees) to the *total* number of companies in that industry.

The market share numbers were painfully low. It is possible that literally hundreds of clients from the targeted industry could have contributed to that final 25% of the firm's fees, increasing significantly the firm's industry penetration figures.

DANGER #2: YOU GET WHAT YOU ASK FOR

It is very easy to inject bias into market research. Leading questions may be easy to spot but nonetheless

are fairly common, such as asking clients: *Do you feel the firm's lawyers try to provide good service?* Of course they try!

But the place where bias is injected in most law firm surveys is in the response vehicle. For example, many firms will ask clients or non-clients to rate the firm on a list of specific traits or characteristics. While this type of analysis is valid, the list of characteristics typically is developed by the lawyers with no client input. So, in effect, the firm is being rated on factors that are important to the lawyers, not the clients.

DANGER 3: COMPARED TO WHAT?

In many cases, law firms receive information that on its face seems worthwhile—and in reality is virtually useless. To illustrate some common pitfalls:



- ➔ Small sample size. Survey summaries often report that x% of the respondents thinks this or feels that. But how many people comprise that x%? Some reports have as few as four or five people.
- ➔ Make up of the sample. If you develop the mailing list for client surveys from billing records, for example, you could have accounts payable personnel providing evaluations of the firm instead of the real decision-makers.
- ➔ Graphics. Bias can even be injected in the visual reporting of the results. Disproportional graphs or charts or uneven axes can maximize or minimize the actual differences in time and numbers.

DANGER #4: "IF YOU CAN'T CONVINCe THEM, CONFUSE THEM." HARRY S. TRUMAN

A poorly written question can render the response meaningless. Here's a question I ran across on a survey that gave clients a scale on which to circle their response:

Please rate the responsiveness and professional demeanor of our staff.

How would you answer the question if they are very responsive but dress like slob?

DANGER #5: SO WHAT?

The final pitfall, and perhaps most pervasive, is that law firms don't know what to do with the research results once they have them. Research that fails to help you is worthless.

If you don't understand how the data will be useful, don't proceed. If the information is not presented in a manner that helps you make decisions, don't buy it. If the results are not proprietary, i.e., your competitors have access to the very same information, you may want to consider carefully exactly what benefit your firm will derive.

CONCLUSION

Market research is a critical tool to help law firms make strategic decisions about everything from office locations to client service initiatives and should be used on an ongoing basis.

At the same time, law firms should be more discriminating consumers before commissioning or buying market research. My suggestions:

- ➔ Set clear objectives for what you are trying to learn from the research.
- ➔ Discuss in advance how you will use the results.
- ➔ Make certain the results come with recommendations or advice.
- ➔ Find out who else will be privy to the information.
- ➔ Be clear about the process (e.g., the sample sizes, the sample selection procedures).
- ➔ Be comfortable with the professionalism and credibility of the researchers.
- ➔ Read the fine print.

Sally Schmidt is the President of Schmidt Marketing, Inc., located in Burnsville, Minnesota. The article is reprinted with permission from Schmidt Market Memorandum.

