

The Changing Face of Law

Is the rise in price-driven consumerist behaviours from clients a risk to the professional integrity of solicitors, or a call to change?

Facing an unprecedented level of price pressure, from the increase in “consumer” behaviour from clients to the Solicitors Regulatory Authority Transparency Rules on publishing prices and increasing client choice, the legal industry is experiencing a period of change and challenges.

Despite the fact that almost three-quarters of solicitors have felt compromised by this current expression of customer-driven culture, little is being done or considered by many law firms to adapt to the changes that are taking place. Is there a way to reconcile the chasm opening up between the opposing values of law firms and clients in order to retain quality and integrity of legal service while remaining competitive in this rapidly-changing marketplace?

The LexisNexis Bellwether Reports explore and investigate the issues facing the legal market, conducting ground-breaking market research in order to offer insights and guidance, and contribute to the discourse on the future of independent law firms.

The first instalment of the Bellwether Report 2018: explored how law firms can swap confidence for progress and drive meaningful growth in a client-driven marketplace. The second report,

meanwhile, investigated whether firms were prepared for – or even aware of – the imminent regulatory changes that the Solicitors Regulation Authority (SRA) was about to bring into force. From our research, it seemed that in both cases, even with almost two-thirds of

law firms believing there are rough times ahead, firms were more happy to cleave to the status quo than innovate to address the forthcoming changes and outpace the competition.

Despite an increased occurrence of price-driven consumer behaviours from clients, with almost three-quarters of solicitors feeling undermined by this, solicitors still think price is the least important facet of the legal relationship.

But as we explored in the 2015 report, modern clients are more informed, tech-savvy, and more confident than ever before. With price often being the only meaningful differentiating factor for them, how long will it be before firms who persist in disregarding the importance of price or who fail to understand the real meaning of value, to get left behind?



The tension emerging between clients and law firms regarding the delivery of legal service is real and the biggest challenge facing Independent Law at the moment.

Price, value and quality in particular appear to be at the crux of the disconnect as solicitors feel they are struggling to maintain their professional integrity in the face of increasing consumerism.

But is this consumerism just an expression of the most recent stage of the modern client's evolution? They are more informed, digitally adept and confident than ever before. If so, shouldn't law firms take notice?

Law firms appear to be aware of the rising importance of price, as evidenced by almost three-quarters of solicitors expressing concern over instances of consumerism. Law Firms nevertheless rank price as the least important facet of the legal relationship. Yet with the Solicitors Regulation Authority (SRA) Transparency Rules which came into effect in December 2018, law firms are now required to publish information on the prices they charge and what is covered.

Although these changes do not apply to all legal services it shows that being transparent on price and service will help avoid misunderstandings and cost-related complaints later in the matter.

It's a curious discrepancy that needs addressing. This report looks into the current experience of solicitors and explores what changes law firms should be considering in order to protect the integrity of their practices and the quality of the service they provide, while also remaining competitive in the market.

Introducing our key opinion formers:



ED FLETCHER
*Chief Executive,
Fletchers Solicitors*

Fletchers Solicitors specialises in Medical Negligence, Serious Injury & Motorcycle Accidents. Ed is extremely proud of Fletchers' vision and values and are listed in the 'The Sunday Times Top 100 Best Companies to Work For'. Ed was shortlisted for the Law Society's Legal Personality of the Year in 2018.



MANDEEP KAUR VIRDEE
*Managing Partner,
KaurMaxwell Solicitors*

Mandeep Kaur Virdee is the Managing Partner of KaurMaxwell Solicitors located in Central London. Mandeep's expertise is in Restructuring, Insolvency and Litigation. KaurMaxwell are a boutique law firm who act for many clients in the UK and overseas in Corporate, Commercial and Dispute matters.



NICK WOOLF
*Director of
Nicholas Woolf & Co*

Nick is the Director of Nicholas Woolf & Co, a niche international commercial and litigation practice in Chancery Lane. Nick has over 40 years of experience in small firms, 39 as a partner or principal. He is a committee member of the Law Society Small Firms Division and the SPG, a member of PLNA, Resolution and POCLA.



KAREN PURDY
*Sole Principal Solicitor
& Director, Purdys Solicitors*

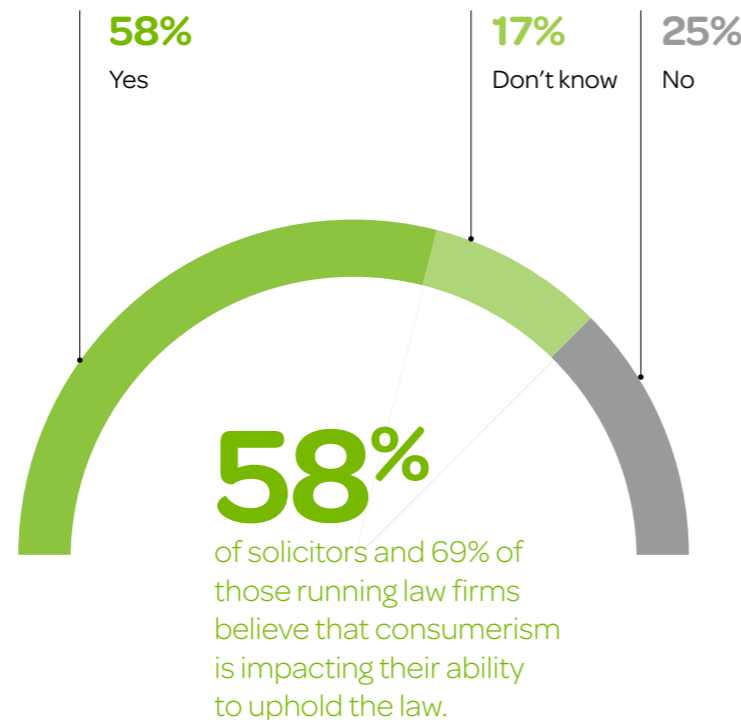
Karen Purdy set up Purdys Solicitors in 2003, as a niche private client firm. She is a sole principal and heads a team of specialist solicitors, advising on Trusts, Wills, Probate and Contentious Probate. Karen has practical and academic experience, having been a co-author of legal texts, presented seminars and is a member of the Society of Trust and Estate Practitioners (STEP).

1. IS CONSUMERISM IMPACTING THE PRACTICE OF THE LAW?

Almost three-quarters of solicitors surveyed have experienced consumerist behaviours from their clients. This is perceived to undermine and compromise their ability to provide the best practice.

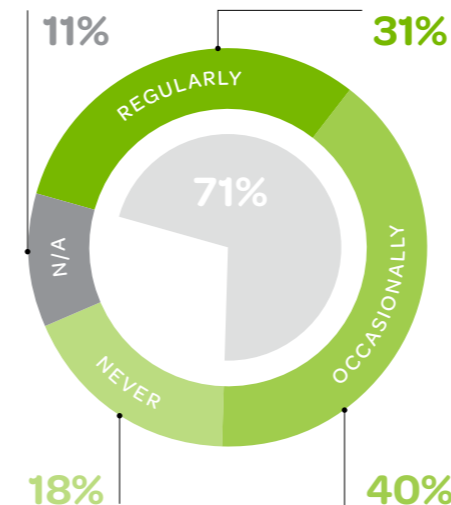
Around six out of 10 solicitors and seven out of 10 decision-makers we spoke with believe that today's consumer-driven culture is impacting the ability of lawyers to uphold the integrity of the law. While a quarter of solicitors disagree, the fact remains that the vast majority of solicitors believe there is a serious problem at the heart of their practice.

Do you think that today's price/customer driven culture is impacting on lawyers' ability to uphold the integrity of the law?



The extent to which such instances are occurring across the market is significant. 71% of those surveyed cite that their work has been compromised by client demands and consumerist behaviours. A third of those have experienced such disruptions on a regular basis, which they feel undermines their professional integrity and their ability to provide the best service for their clients.

How often does this price/customer driven culture impact/compromise your role as a lawyer/legal expert?



The main concern, expressed by a quarter of those surveyed, is that the pressure to reduce costs is driving down the quality of legal advice, with several conveying that, in their belief, clients themselves don't seem to be aware of the compromise that price is having on the quality of the work they are buying.

Why do you think today's price/customer driven culture is impacting lawyers being able to uphold the integrity of the law?



A small proportion of those we spoke with, meanwhile, also articulated the fear that consumerism and client driven cultures are encouraging lawyers to engage in unethical practices.

But how are solicitors to reconcile two seemingly opposing value sets: consumerism and the law? With solicitors feeling undermined and undervalued and clients seemingly feeling over-charged and disregarded, there seems to be a stagnancy emerging at the heart of the client-lawyer relationship.

So how integral is price in the current marketplace?

Lawyer
–
Thinking in business terms, I think of them as customers. When doing my technical job, they are my clients. But to get them to become clients I have to be a business person.

OPINIONS

**KAREN PURDY**

Sole Principal Solicitor & Director, Purdys Solicitors

It is understandable that consumers want to compare prices! However, solicitors have to protect their professionalism. One enquirer asked my fee if they wrote a letter and I “just put it on my headed notepaper”! Ultimately we are liable and it is our practising certificate and reputation on the line, if we don’t provide proper legal advice.

**ED FLETCHER**

Chief Executive, Fletchers Solicitors

It is. The provision of what our customers actually want from the practice of the law and how they want it delivered is, rightly, changing the practice of the law. This will only increase as more law organisations start putting the customer at the heart of their business.

**MANDEEP KAUR VIRDEE**

Managing Partner, KaurMaxwell Solicitors

Clients are aware of costs and quite rightly, but it does not impact the way I practice the law. My work has never been compromised by client demands or consumerist behaviours. Even in cases where I have been pressured to reduce costs, this does not drive down the quality of my legal advice. I will not do less research or take less time on a case. If a solicitor cannot be assertive about how a case should be conducted, then they will merely be a post box and I would rather reject taking a case on, than compromise my reputation.

**NICK WOOLF**

Director of Nicholas Woolf & Co

Consumerism, encouraged by government cuts and policy, have resulted in increasingly complex law and professional regulation intended to reduce price but having the opposite effect. This leads not only to increased costs, conflicts of interest, and a reduction in service levels, but also leaves vast swathes of the population unrepresented.



2. IS PRICE A DETERMINING FACTOR?

Solicitors believe that a significant portion of their business is won purely on price rather than on expertise.

Price is fast becoming an unavoidable concern for many solicitors.

33%

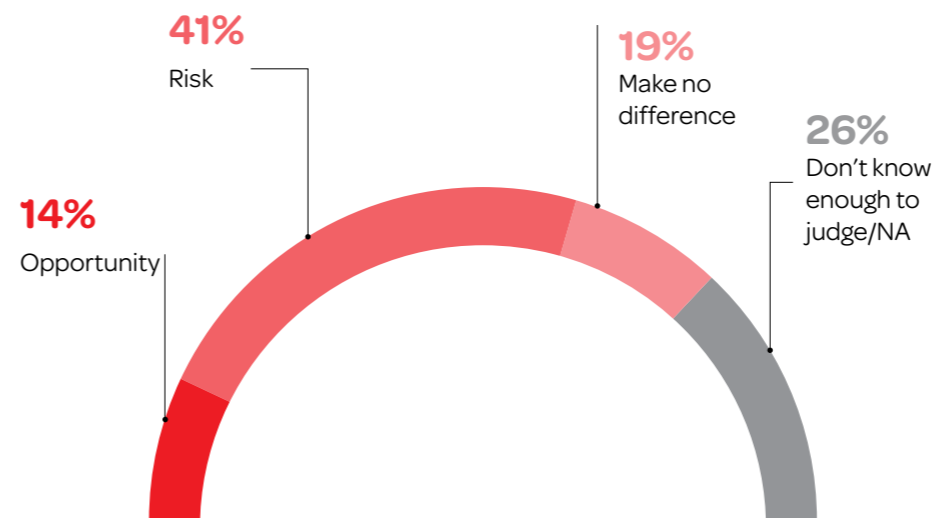
of their business, on average, is won purely on price, rather than on the expertise of the firm or practitioner.

This varies by firm size, however, with larger firms believing that they are more likely to secure business based on price and smaller, more specialist firms, on expertise. This indicates that price is important to many clients when looking for a solicitor. So how can firms stay competitive in such an environment?

Currently, only one in five solicitors feel that the majority of their work is won on a price basis, which goes some way to explain their unease about the SRA Transparency Rules. For 41% of the solicitors with whom we spoke, publishing prices appears more of a threat than an opportunity.

Respondents are concerned that the SRA Transparency Rules will further drive down costs and quality, thereby continuing a trend towards consumerism that they are already observing from their current clients. However, they are also concerned that the practice itself would be fundamentally unworkable. As one solicitor said: "Rate cards might function for some churned-out bits of work. The more standardised work. But in a complex transactional environment it couldn't work."

Overall, do you see the SRA Transparency Rules as:



Lawyer

–

Other firms delegate things to a junior or an unqualified member of staff to keep the costs down. They operate that way to give a lower cost as a result. But we offer a quality service.



Indeed, as other solicitors suggested, even if law firms were to reveal prices, it wouldn't necessarily be an indication of what a client would actually pay, or if the work was indeed carried out by a junior, that the work itself would be high quality. This brings the issue around full circle, playing into fears already evident in the profession that making price the determining factor will negatively impact quality.

Only a fifth of those surveyed believe that the SRA changes won't actually make any difference. So, the question remains, will publishing prices be an opportunity for the legal market to grab, or a threat to business as usual?

OPINIONS

**ED FLETCHER***Chief Executive, Fletchers Solicitors*

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Price in the law, like in any other service industry, is an important factor in the consumer's decision making. As the consumer becomes more savvy and well educated in the alternatives available, value will be critical with price often being the determining factor in delivering this.

**NICK WOOLF***Director of Nicholas Woolf & Co*

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Business is lost on price rather than gained. Although this may force prices down, it makes it difficult for solicitors to provide a proper full professional service at a profit. The incorporation of AI and Blockchain may assist in reducing solicitors' fixed expenses in some areas of law.

**KAREN PURDY***Sole Principal Solicitor & Director, Purdys Solicitors*

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I doubt the SRA template for Probate charges would get customers to choose your firm. Instead it helps to flag up how complex it is. I doubt customers will read all that nor know what will apply to them. Charges still give an opportunity to stand out. Fee information on our website is to help clients and reflect our friendly approach. Far better to call for a chat to clarify what charges apply to their circumstances and to find an advisor they like.

**MANDEEP KAUR VIRDEE***Managing Partner, KaurMaxwell Solicitors*

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As a boutique firm, the work we receive is heavily based on referrals, so price is not always discussed at first blush. In my view, the relationship of trust built between a client and solicitor is the determining factor and to ensure that we can add value. We will then provide a proper cost estimate and when we are unable to be absolute, we provide a cap or an agreed cost up to a stage that can be foreseen. The legal market is a serviced based industry and therefore costs must be a determining factor but not the only factor. As a lawyer, but also as a consumer, I want to give and receive value for money. I believe that value for money is the determining factor.

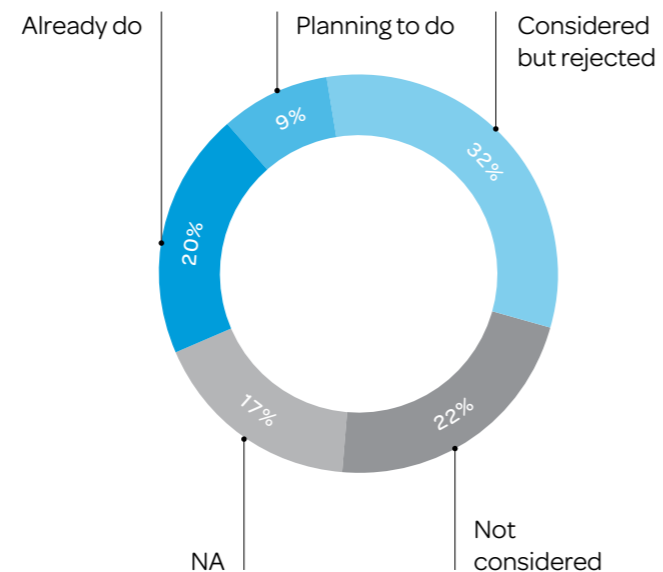


3. PUBLISHING PRICES: OPPORTUNITY OR THREAT?

The legal market is divided with 29% of solicitors embracing publishing prices, and a slim majority of 32% rejecting the move.

For the majority of those with whom we spoke with, price, (taken a first glance and divorced from actual specifics in order to provide a baseline for comparison between firms) does not take into account the nature of a “bespoke service” on which many solicitors pride themselves on providing. Nor does price necessarily reflect the expertise of the legal professional a client would be instructing. Indeed, as one lawyer said: “Published rates give a comparison but they don’t answer the question of how much people will actually pay.”

The SRA are recommending all law firms should publish information on price and description of services. Thinking specifically about publishing your prices, is this something:



Regardless, one in 10 solicitors believe that transparency is a force for good, and a minority even agree that it could be better for competition, with consumers being more empowered to make a decision. Indeed, 29% of those surveyed have either already published their prices, or are taking steps to make the change. The majority in this group do so because they don’t believe it will make much of a difference either way, with just 30% believing it’s an opportunity and 17% that it’s a risk. As one solicitor wryly observed: “My only regret is that it might make everyone up their game a little bit. It would remove one of my USPs so publishing prices would be a great shame in my opinion. Please don’t do it.”

However, at 32%, the slim majority of firms have considered, but ultimately rejected the move. More solicitors in the market see the change towards publishing prices as a threat.

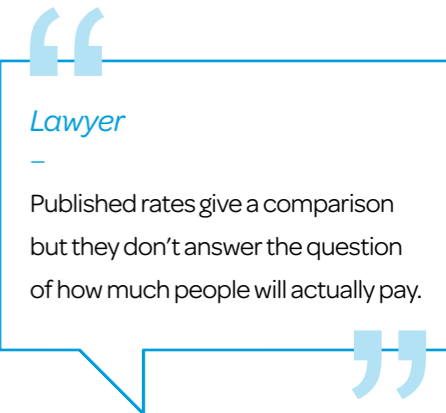
Some even believe that it will encourage consumers to focus solely on prices even more in the future, which, as discussed concerns many given that pricing is rarely directly comparable to how much the client will pay.

“They say they can get it cheaper elsewhere. We say you are absolutely right, but when you instruct us, you will deal with a qualified solicitor and that person will be your point of contact throughout,” says one solicitor we spoke with. “We don’t palm off your work to an unqualified member of staff or to a paralegal. Yes, we will be more expensive, but you get a quality of service and that personal contact.”

But with more and more clients focussing on price as the determining factor when choosing representation, is there a way for law firms to articulate their value and explain their prices?



The market is divided with roughly one in 10 solicitors agreeing that transparency is good, and a similar number believing it will drive down costs and quality.



OPINIONS

**MANDEEP KAUR VIRDEE***Managing Partner, KaurMaxwell Solicitors*

I most definitely view it as an opportunity for the legal industry and believe that it shows that we have the confidence to publish prices for our services. It means clients will be aware of ball parked figures from the outset and, whilst the published prices do not always confirm how much a case will actually cost subjectively, it is a good indicator for clients to see.

**KAREN PURDY***Sole Principal Solicitor & Director, Purdys Solicitors*

My firm only publishes fees where it is compulsory. We'd rather clients discussed their circumstances and had a quote tailored to their requirements. Most clients phone wanting "a simple Will" whilst their circumstances are anything but simple, but the friendly approach on our website encourages customers to talk to us.

**NICK WOOLF***Director of Nicholas Woolf & Co*

It is neither an opportunity or a threat. It forces solicitors to consider their own business model and decide as to whether their market is less higher paid work or more lower paid work. The current rules leave less room for flexibility on price, and consequently flexibility in business modelling.

**ED FLETCHER***Chief Executive, Fletchers Solicitors*

Depends who you are! If we truly want to be a profession that puts our customers at the heart of what we do, transparency and clarity of fees and charging structures has to be embraced. Only with all the facts at their disposal can customers make a truly informed decision when choosing their lawyer.



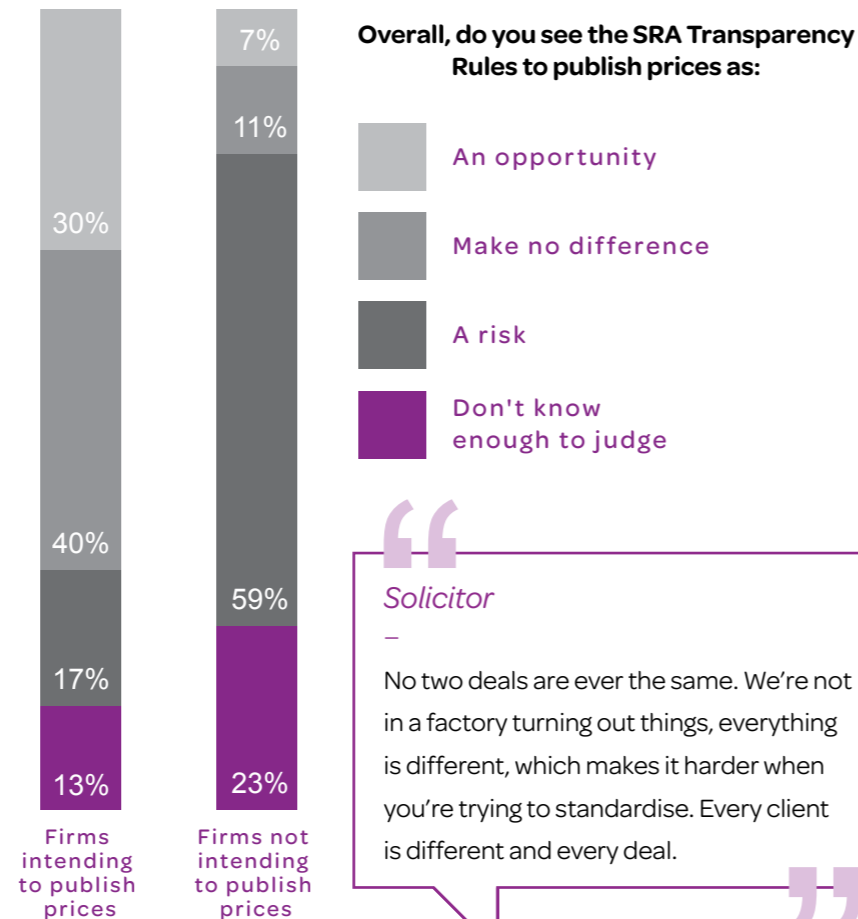
4. A COMMUNICATION PROBLEM

Solicitors stress experience and complexity when explaining costs to their clients, even though they don't think clients value the latter.

Of the 32% of firms who have considered but rejected to publish prices, almost two thirds see the practice as a threat, while a further 23% don't know enough of its potential implications to take the risk. So with the slim majority of firms not publishing prices, how do they explain them to their clients? Over two-thirds of respondents, almost equally weighted, either stress the experience of the solicitor or the complexity of the matter to their clients when explaining what drives their costs.

More senior lawyers command higher hourly rates, while more complex matters result in a higher number of hours. So far, so straightforward.

BASE  103



Solicitor
—
No two deals are ever the same. We're not in a factory turning out things, everything is different, which makes it harder when you're trying to standardise. Every client is different and every deal.

However, things are not so simple in practice. While solicitors stress to their clients the factors that influence their pricing, solicitors themselves don't think resonate equally or particularly effectively. Solicitors think that complexity is not seen by clients as a legitimate driver of cost and or value. Clients will more readily accept seniority as a rationale for higher prices, according to 47% of respondents. The level of personal service – rather than automation – is also considered to be a slightly more acceptable explanation of increased costs.

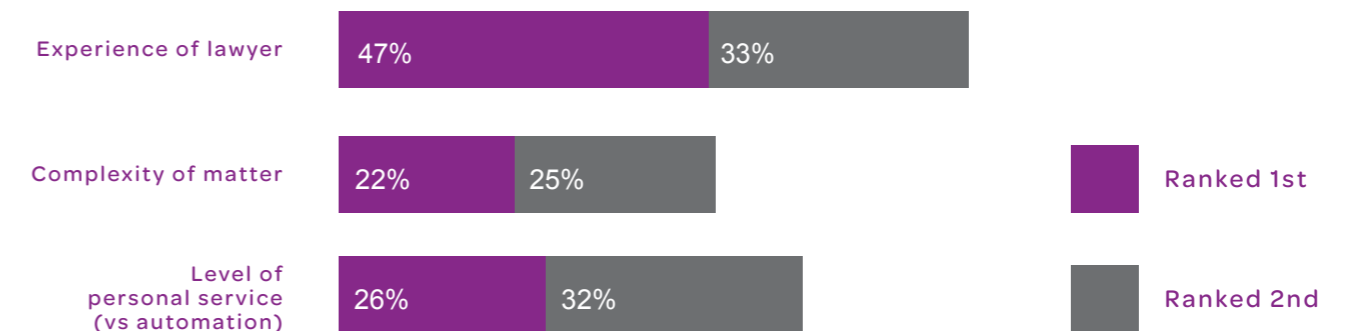
It seems, therefore, that solicitors are already aware that there is a disconnect in understanding when it comes to this issue.

But if solicitors think that clients don't value – and therefore understand – complexity as a marker of cost, why do they continue to use it?

Is it just an adherence to traditional ways of thinking, or is there room for change here in order to adjust communication to account for client values? Or at least incorporate their understanding of clients into their approach to service? After all, with the rise of client demands and consumerist behaviours, it would appear to be a necessity if firms wish to remain competitive and protect quality of service.

80%
of respondents think clients appreciate more experienced lawyers.

How well do clients understand what factors influence pricing?



OPINIONS

**ED FLETCHER***Chief Executive, Fletchers Solicitors*

As lawyers we need to get better at explaining exactly what the customer is paying for in a clear understandable way otherwise we can't expect to get and retain that business. Solicitors pride themselves on their ability to explain complex technical issues in an easily digestible, straightforward manner so charging structures should be a piece of cake!

**MANDEEP KAUR VIRDEE***Managing Partner, KaurMaxwell Solicitors*

It can be hard to communicate with clients who focus mainly on costs, however I deal with that by setting out caveats to the advice that I am giving from the outset. The clients I have dealt with do understand that if their case is a complex one, it will have an impact on the price they pay because of the time involved. They are willing to accept a higher price for seniority but equally happy for a lower charging fee earner to deal with more routine work.

**NICK WOOLF***Director of Nicholas Woolf & Co*

Communication should not be a problem as long as both client's expectations and the lawyer's roles are clearly defined at the very start. Clients instruct solicitors because we have a skill that they do not. The relationship is based on trust. The price of trust should not be a negotiation.

**KAREN PURDY***Sole Principal Solicitor & Director, Purdys Solicitors*

Value could be measured by results – a house is bought or a Court case is won – so some benefits seem nebulous. A perfect Will is still just a piece of paper! One client said of the cost of Wills including a complex Trust, “but it's just words"! It is our job to explain how that piece of paper benefits that client and their family.



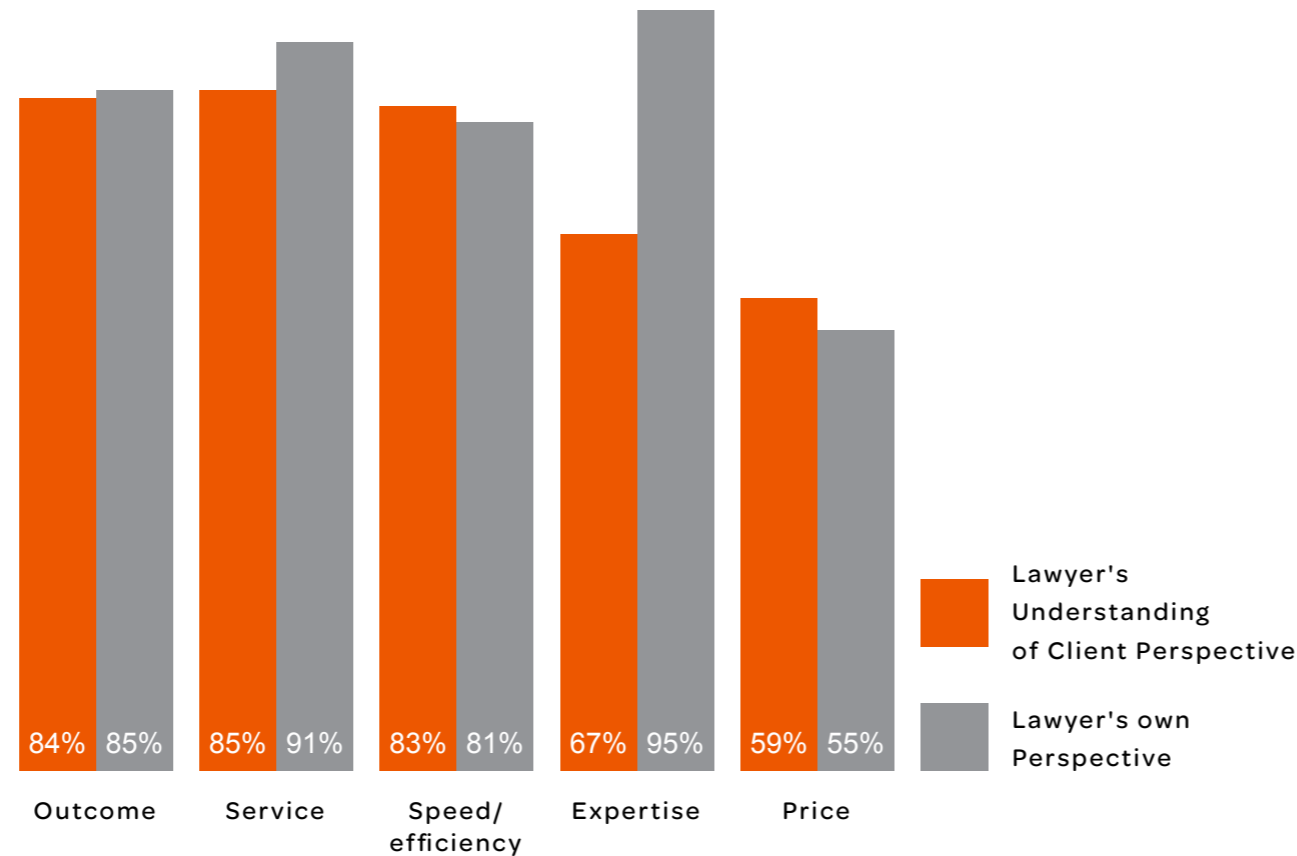
5. THE CLASH IN PERCEPTIONS

The disconnect between solicitors and their clients with regards to pricing is just the tip of the iceberg.

Pricing is not the only area of disconnect between solicitors and their clients. In fact, it's just the tip of the iceberg. There is a more fundamental issue at play – namely, that both parties judge the value delivered differently.

The majority of solicitors believe that outcomes are the most important factor for clients when it comes to judging value for money. Service, speed, and efficiency follow, with price falling last. However, when asked to rank the value they deliver and consider most important in the legal relationship, the majority of solicitors, meanwhile, believing themselves to be client-focussed, cite service as their top priority, followed closely by expertise.

When clients are judging the value they receive from lawyers, how much do each of the following influence their opinion?



BASE 103

There is a telling discrepancy between how solicitors perceive value as opposed to how they think clients rank it. However, price, again, is considered the least valuable part of the process.

Not only is this a marked difference in priorities generally, it's also surprising – given the increasing focus on pricing in today's consumer-driven marketplace – that price is still not recognised as a top priority when it comes to judging value.

So is there a way to reconcile the tension between modern clients and the delivery of the quality of legal service? Are there potential changes that law firms could make in order to harmonise these clashing values?

Solicitor
–
Lawyers bang on about how good they are, but it means nothing; the client expects you to be the best, it's why they are here. They don't care about the problems you've sorted out for other people, they just want you to sort theirs.

Six out of 10 solicitors judge service and expertise to have the most value, but the majority of respondents think clients consider outcomes to be more valuable.



OPINIONS

**NICK WOOLF***Director of Nicholas Woolf & Co*

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This can hopefully be avoided by asking the client what they want and expect at the beginning of the relationship, clearly defining the client's expectations, the lawyer's role, and recording it in a prominent document, shorter than a client care letter.

**ED FLETCHER***Chief Executive, Fletchers Solicitors*

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There is a clash in perceptions but it is incumbent upon us as a profession to give the customer what they want: this is at the heart of any tertiary industry. If we set realistic expectations on instruction of what our present legal system and regulatory system can deliver to the customer everything else should be focused on those matters they - not us - value.

**MANDEEP KAUR VIRDEE***Managing Partner, KaurMaxwell Solicitors*

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It is plain wrong if lawyers focus purely on outcomes of a case as the most important factor for judging value for money. Value is equated and considered by its receiver however it's the same in plenty of other service industries. You would not expect a Michelin star dining experience from a take away restaurant. Both in their own rights are necessary in the market place. The key tool for dealing with perceptions is transparency and managing clients' expectations.

**KAREN PURDY***Sole Principal Solicitor & Director, Purdys Solicitors*

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'Know Your Client' is key. If your firm is struggling, why not ask clients to complete a questionnaire, upon closing your file? You can ask upon what basis they chose you and what your strengths and weaknesses are, so you can adapt.



CONCLUSION

It remains to see whether law firms will be able to overcome the fundamental disconnect between clients and solicitors. After all, while solicitors value expertise and think clients value outcome, there will always be a clash.

The marketplace is changing quickly. Today's more confident, more informed client is challenging on price and not interested in the value drivers about which law firms care.

But this is now impacting solicitors' ability to perform, with almost two-thirds of the solicitors surveyed believing that clients focus on price is undermining their professional integrity and their ability to deliver a high quality service.

Part of the problem with consumerist behaviours, however, is that clients are acting on a different value system which solicitors have traditionally

upheld, namely maintaining a focus on quality or expertise. The time has come to adapt.

As a start point, law firms could focus on improving back office and technological streamlining. At it's most fundamental this will help solicitors concentrate on the things that do add value to the client – namely, helping practitioners in front of their clients and focusing on outcomes. Moving forwards, however, the situation becomes a little trickier. Solicitors persist in underestimating the importance of price for clients, even while seeing price-driven consumerist behaviours all around. It's a perplexing blindspot for the

profession. Currently, the majority don't perceive the need to focus, properly, on the role that pricing plays in a consumerist environment.

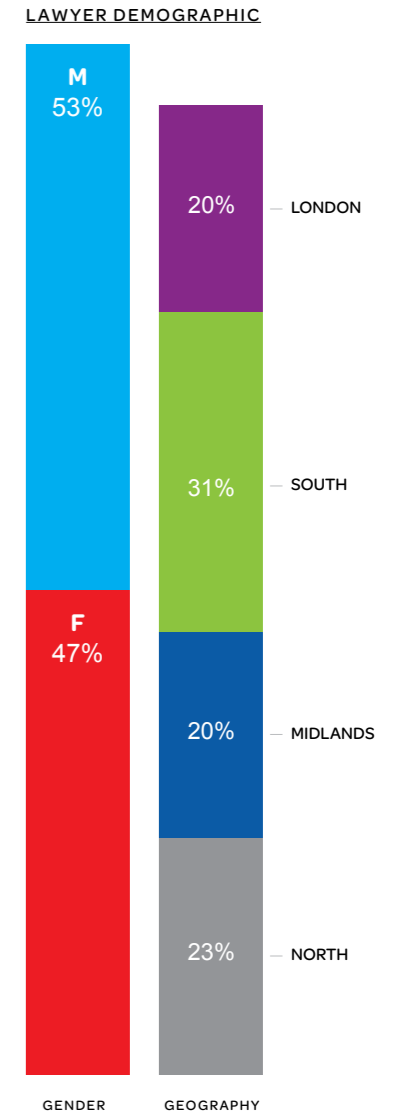
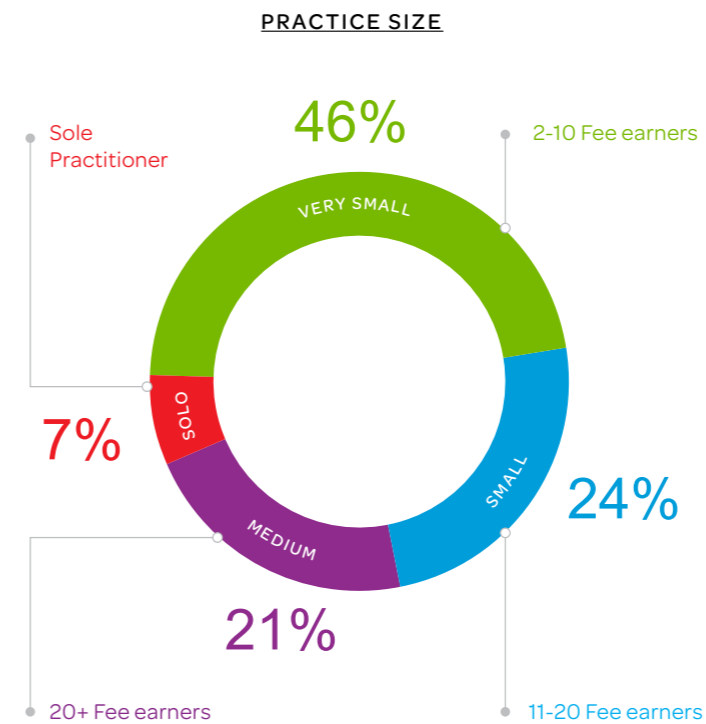
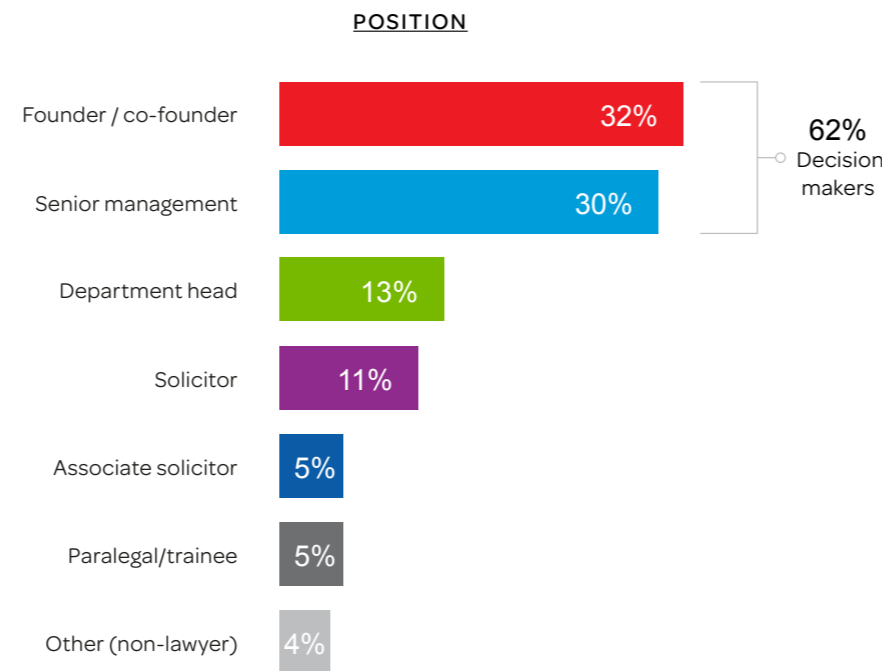
However, this is a potentially risky position to hold. As long as solicitors cleave to traditional practices and ways of determining value and price it is probable that the disconnect between law firms and clients will just get wider. Indeed, while there is complacency in the industry in this regard, law firms will not feel that they have to meet client expectations. However, as soon as one law firm decides to innovate in this area, competitors may find themselves scrambling to catch up.

For now, the push and pull between clients and law firms persists, resulting in continuing clashes between firms who remain stuck in the past, and modern clients looking for legal service providers who really understand the primary importance of outcomes.

Our research sample for this report was compiled using data from two quantitative surveys completed by over 200 solicitors across the country. This work was informed by 12 in-depth interviews with partners and decision makers in small firms and small offices of larger firms.

The quantitative research included the views of respondents from a wide geographical area and represented a broad sample of lawyers in a variety of positions in the firm and areas of expertise. The research fieldwork was conducted by an independent market research agency, Linda Jones & Associates, throughout January 2018.

The round table discussion hosted by LexisNexis, was held on 8th May 2018 and attended by market commentators and key opinion formers.



ABOUT THE AUTHOR





Jon Whittle is Market Development Director at LexisNexis, responsible for the company's offering for the independent legal sector – independent, small law firms and sole practitioners.

Jon Whittle
Market Development Director
LexisNexis

With 18 years of experience in research, insight and business strategy, throughout his career Jon's been passionate about understanding and representing the voice of individuals to big businesses.

Jon is currently focused on advocacy and community development for independent legal practitioners. He produces cutting-edge research, such as the industry-leading annual LexisNexis Bellwether report into the changing landscape for independent legal practitioners and supporting the business of law firms.

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