

Analysis Survey – Legal marketing in Italy 2004

By Silvia Hodges, Law firm marketing consultant

BACKGROUND:

Legal marketing is a relatively recent phenomenon in Italy. Over 25 years after the US and more than 15 years after the UK, law firms in this country are just now starting to actively promote their services.

Compared to other jurisdictions that updated (and loosened) their codes of ethics in the past, lawyers in Italy are still quite limited in their range of possible marketing activities by the bar associations' "Codices Deontologico Forense". Although last updated in October 2002, it is of very traditional nature and forbids many marketing tools that are widely used in other jurisdictions, such as advertisement, naming of specialization, sponsoring, actively pursuing prospect clients etc.

In September 2004, law firm marketing consultant Silvia Hodges conducted a survey on the state of legal marketing in Italy. A 21-question survey was sent to (currently all) 32 marketing managers of law firms in Italy.

The managers regularly meet at the "Legal Marketing Luncheon", a networking and educational platform founded in May 2004 by Silvia Hodges and sponsored by Martindale-Hubbell and Just Legal Services.

21 of the 32 marketing managers responded - their replies are the basis of this analysis.

STATS OVERVIEW:

Responses	21 (65.62%)
Sex	
Female	19
Male	2
Title	
Marketing Manager	9
Business Dev & Communications/PR Manager	4
Marketing & Communications Manager	4
Marketing Director	1
External Relations Manager	1
Communications/PR Manager	1
Head of Practice Development	1
Location	
Based in Milan	18
Based in Rome	3

Law firm nationality

Italian	8
UK	7
US	6

(The term "UK marketers" or "US marketers" in this report refers to marketing managers based in Italy, but working for UK or US firms.)

Law firm size

Very Small (<10 lawyers)	0
(Currently no firm of this size works with professional marketing managers.)	
Small (10-24 lawyers)	3
Medium (25-99 lawyers)	11
Large (100-249 lawyers)	6
Very large (>250 lawyers)	1

(Due to the very small sample size, the results for very large firms were not interpreted in depth in this analysis.)

Lawyers' attitude towards marketing (See Q 17)

Very important	3
Quite important	12
Neither nor	5
Quite unimportant	1
Very unimportant	0

KEY FINDINGS:

While the first legal marketing departments were set up by firms based in Milan and Rome between 2000 and 2002, 2003 and 2004 saw the creation of a relatively large number of marketing departments.

Although a very new discipline, legal marketing is generally gaining acceptance in Italy: 57% of legal marketers think that lawyers in their firm see marketing as "quite important" and 14% even believe their lawyers rate it "very important". On the other hand, 24% think it is "neither important nor unimportant" to their lawyers and 5% stated it was "quite unimportant". Not surprisingly, no marketer stated it was "very unimportant" to their lawyers, as these firms most likely would not hire professional marketing staff.

Asking for the most frequently used marketing tools used in Italy (multiple answers were allowed), the survey found that law firms most frequently publish brochures and speak at conferences (76%), followed closely by national media relations activities (71%). Other frequently used tools are conference attendance (62%), websites (57%), promotional listings in international directories and client seminars (both 52%), as well as pitch material (48%). Less used are newsletters (43%), seminars for prospects (38%), gathering research material for rankings and league tables in the directories as well as international media relations (both 29%). Even less frequently applied are networking, internal marketing training for lawyers and (the actually forbidden activity of) sponsoring (each 24%). Recruitment marketing (14%), advertisement and give-aways/gifts (both 10%) as well as pro bono charity work have little importance (5%) in Italy.

Marketing managers are all-rounders: 57% of marketing departments are staffed with only one person. Most marketing is done in-house as the majority of firms (67%) do not outsource their marketing activities. Only 19% use outside firms, usually for national media relations. 76% say they have a written marketing plan, 19% do not. 62% of legal marketers write and execute the firm's marketing plan, 38% say they only execute.

Not surprisingly, the list of (mostly) operational responsibilities is long (multiple answers were allowed): Legal marketers typically spend their time producing the firm's brochure (81%), organizing client seminars (76%), listing their firm in international directories (71%), organizing seminars for prospects, preparing or updating the firm's website and gathering material for research for international directories (each 67%). 62% are responsible for national media relations and pitch material for beauty contests as well as organizing lawyers' conference activities (57%).

Less often they are responsible for newsletters (48%), international media relations (43%), coordination with professional associations and networking (both 38%), sponsoring (33%), corporate identity material (letterheads, business cards etc.), give-aways/gifts (both 29%), recruitment marketing and advertisement (both 24%), marketing training of lawyers (19%) or pro-bono (charity) activities (14%).

According to legal marketers (multiple answers were allowed), national media relations is the most important and effective marketing tool (71%). Client seminars were rated second most effective (62%) and conference speaking third (52%). All firms agreed on the complete insignificance of advertisement, give-aways/gifts and pro-bono activities.

Considering the wide range of activities, lawyers like to know how their marketing money is spent - 76% of firms have a budget, only 14% do not. 43% raised the marketing budget compared to last year's, 10% spent the same amount, and another 10% reduced their budget. However, only 33% of firms bother to check if the money was well spent: the majority (52%) still does not measure the effectiveness of their marketing activities.

The exact amount of the budget seemed to be a quite sensitive issue: 46% did not answer the budget question. Looking at all firms, 24% said to have an annual marketing budget above Euro 100.000, 10% in the range of Euro 50.001 to 100.000, another 10% between Euro 15.001 to 30.000, and Euro 5.001 to 15.000, respectively. No firm spent less than Euro 5.000, and strangely, no firm had a budget of Euro 30.001 to 50.000.

The survey found that 67% of fee earners in Italy track their time spend on marketing, a much lower 24% do not. In spite of this, however, only 33% of firms consider it for appraisals and compensation, 24% do not. Even fewer (19%) reward their fee earners with a raise or bonus, 10% with faster access to the partnership. 29% do not reward marketing at all.

Although the national code of ethics applies to all firms, the survey found distinct behavior and approach clusters depending on firm size, nationality and lawyers' attitude towards marketing.

VARIATIONS BY NATIONALITY:

UK FIRMS

UK firms were the first ones to create marketing departments in Italy in 2000. In 2003, a large number (43%) took on marketing.

Generally tending to take marketing quite seriously, they viewed marketing as "quite important" (57%) or even "very important" (29%). UK firms also spend the most money on marketing: 43% of the firms had annual budgets of over 100,000 Euro and 71% raised their budgets in 2004.

UK firms regularly staff their marketing departments with two marketers (71%), rather than outsource marketing activities (0%). The staff often reports not only to the managing partner in Italy, but also to a marketing person in London (43%).

This might explain the relatively advanced, planned and organized approach: 86% have a written plan and 100% have a budget. Marketers in UK firms regularly write and execute the marketing plans (71%). Surprisingly though, they do not measure the effectiveness of their activities (only 29% do.)

Lawyers leave them room to decide – 29% of UK firm legal marketers state that they take decisions on how to spend marketing money by themselves without having to consult with the lawyers, the other 71% make suggestions and ask for the managing partners' ok. No UK marketer was subject to the lawyers' decision alone.

Compared to marketers in US and Italian firms, UK marketers work more on newsletters, client seminars and marketing trainings for the lawyers.

According to UK firm marketers, client seminars are the most effective tool (71%), followed by national media relations and conference speaking (both 57%). International media relations, although usually not handled by the marketing staff in Italy, but centrally from London, were rated as effective by more UK firms (43%) than Italian (25%) or US (17%) firms.

In UK firms, marketing is not only a matter of the marketing department, but involves the lawyers: In line with the importance contributed to marketing, lawyers in UK firms are expected to track their time spent on marketing (86%). This is regularly used in annual appraisals (43%) and gets rewarded by faster access to partnership (29%) or higher pay or a bonus (14%).

US FIRMS

US firms started to create marketing departments after the UK firms, in 2002. 2003 saw the setting up of 50% of the now existing marketing departments.

US firms paint a less homogenous picture than UK firms, however, in general, embrace marketing and tend to rate it favorably: 50% said marketing was "quite important" and 17% even "very important". Still, they show a less enthusiastic approach as they tend to employ only one marketing person (83%) and outsource more than any other firm (50%). Marketing managers in the firms' US headquarters are less often operative and involved than those in UK firms and less often reported to (33%). Instead, marketing is handled locally and marketing managers report to the managing partner in Italy (100%).

However, all US firms have a marketing plan and most have a budget (83%). Interestingly, budgets numbers seemed to be a particularly private and delicate matter with US firms, as only 34% answered the budget question (compared to 72% of UK firms and 51% of Italian firms). From the data available, it was not possible to make out any trend: 17% spent in the range of 5,000 to 15,000 Euro per year, another 17% spent over 100,000 Euro.

Whether a matter of culture, trust or expertise, marketers at US firms have less liberty in comparison to UK and Italian marketers, as demonstrated in the highest number (33%) of marketers that only execute, but not write the marketing plan. 33% also were not able to make suggestions on how to spend the marketing money, but have to let lawyers decide without being able to make suggestions. A high number, however, is expected to regularly measure the effectiveness of their marketing activities (67%).

Like their UK colleagues, US marketers rated client seminars as the most effective marketing tool along with conference speaking (both 83%) over national media relations (67%). Interestingly, client seminars were rated "effective" by 83% of US and 71% of UK marketers, compared to only 38% of marketers in Italian firms. Similarly, conference speaking was favored by 83% of US and 57% of UK marketers in contrast to only 24% of Italians. Sponsoring was rated as an effective tool by more US firms (33%) and UK firms (29%), compared to Italian firms (0%) and newsletters that were slightly more popular with US firms (33%) and UK firms (29%) than Italian firms (13%).

Lawyers in US firms are expected to actively market their services and track the time spent developing their business (67%). This is regularly used for appraisals and has quite significant rewards: quite often this means a bonus or raise at the end of the year.

ITALIAN FIRMS

Although some pioneering Italian firms set up their marketing departments as early as 2001, 38% of marketing departments were created only recently, in 2004.

Italian law firms generally seem less convinced that marketing is such a necessary and useful activity for lawyers: 38% rated it as "neither important nor unimportant" and no firm rated it as "very important". Italian firms also tended to spend less money on marketing than UK or US firms. 25% even reduced their marketing budgets compared to last year.

Italian firms usually employed one marketing person (75%), and outsourced very rarely (13%). Marketers directly report to the managing partner (100%).

Italian marketers are expected to work on websites (88%), seminars for prospects (75%), but not on pro bono (0%).

Most Italian marketers (88%) rated national media relations as an effective tool (in comparison to 57% of UK and 67% of US firms) over seminars for prospects and networking (both 50%). Sponsoring, on the other hand, has no appeal to Italian lawyers: Not taken into account by any Italian marketers, 29% of UK and 33% of US marketers rated it as effective.

Without any guidance from professional marketing staff in foreign headquarters and possibly due to the fact that most Italian firms only recently started to market their services, marketing frequently seemed to lack some sophistication and enthusiasm: only 50% have a written marketing plan and a budget and 75% do not measure effectiveness. Tracking lawyers' time spent on marketing is only done in half of the firms, and generally plays no role in annual appraisals. Even firms that take it into consideration do not reward lawyers in monetary nor non-monetary ways.

VARIATIONS BY SIZE:

Very large firms were the first ones to embrace marketing in 2001, followed by medium and large firms in 2002 and 2003. Small firms typically (67%) caught on in 2004.

However, the survey found that law firm size has less of an impact on most marketing aspects than nationality. An exception are department size and budgets: 33% of large firms employ two professional marketers, 17% of large and all very large firms employed three marketers. Large and very large firms also spent the highest amount on marketing (100% over 100,000 Euro per year, excluding personnel costs).

Although lawyers in 67% of small law firms rate marketing as "quite important", marketers in small firms have less money to spend (33% between 5,000 and 15,000, another 33% between 15,000 and 30,000 Euro) and have less input on how to spend marketing money (33% lawyers decide alone).

Interestingly, the bigger the firm, the more likely it was to rate national media relations as "important": Small firms (33%), medium (73%), large (83%) and very large (100%).

Strangely enough, a relatively large number of large firms does not have a written marketing plan (33%), when all small and most medium size firms (73%) do.

VARIATIONS BY ATTITUDE:

Attitude towards marketing played a role when first setting up a marketing department. "Quite important" firms pioneered in 2000. Firms that did not rate as high on the attitude scale followed a few years later, in 2003 and 2004.

Attitude also had effects on the effort put into marketing and the amount of time and money spent. Marketing in marketing-friendly firms generally is at a higher, more sophisticated and better planned level: Not too surprisingly, the survey found that the more positive a firm rated marketing, the more likely it was also to invest in marketing human resources: 67% of "very important" firms had two marketers, compared to 100% of the "quite unimportant" and 80% of the "neither nor" firms with only one marketer.

A similar distinction was noticeable concerning budgets: all "very important" and 92% of "quite important" firms had budgets, compared to 40% of "neither nor" firms and none of the "quite unimportant". Firms that tended to have a positive attitude towards marketing also set aside more money for marketing: 100% of "very important" firms spent over 100,000 Euro per year. Compared to last year, however, most firms increased their marketing budgets, independent of lawyers' marketing attitude.

A large number of the "very important" and "quite important" firms (identifiable as the group of UK firms) had to report to a marketing person in another country. Marketers in firms that rated marketing as "very important" (67%) and "quite important" (92%) both wrote and executed the marketing plan. Firms that rated marketing as "quite unimportant" (100%) or "neither nor" (80%), instead typically let their marketers only execute marketing activities.

Publishing and distributing newsletters, a typical tool and good "excuse" to regularly be in touch with clients, show expertise and to introduce the firm to prospects, becomes more popular with a growing marketing-friendliness of the firm: firms that rated marketing as "very important" also rated newsletters as effective (67%), in comparison to firms that rated marketing as "quite important" (25%), "neither nor" and "quite unimportant" (0%).

Conference attendance however, loses appeal with a firm's growing marketing-friendliness: 100% of the "quite unimportant" view conference attendance as an effective tool, 60% of the "neither nor" group, 50% of the "quite important" and only 33% of the "very important" group.

The more marketing-oriented a firm, the more it made sure lawyers are involved and offer interesting incentives: All "very important" and 75% of "quite important" firms tracked lawyers' time spent on marketing, used it in the firms' appraisals process (100% of "very important" firms) and rewarded with higher pay (67%) or other perks (33%).

CONCLUSION:

An ever-rising number of practicing lawyers, the arrival of foreign law firms, increasingly demanding clients and a declining client loyalty in recent years has put pressure on law firms in Italy and made legal services a highly competitive field.

As a reaction to these changes in the marketplace, law firms first started actively marketing their services and setting up marketing departments in 2000. Four years later, legal marketing is still a new discipline in this country and the adoption of professional marketing is at an early stage. A true legal marketing culture has yet to develop in Italy and marketing managers in this industry still have to earn their seat at the table.

The survey found that size and attitude towards marketing played a role in the marketing approach. Generally speaking, larger firms tend to spend more money and employ larger marketing departments. Also, the more "marketing friendly" firms generally started marketing earlier, displayed more sophisticated, better planned marketing, gave marketers more room for decisions and actively involved lawyers and encouraged their marketing activities.

It also found that legal marketing differs greatly depending on the firm's nationality. By and large, UK and US firms regard marketing or certain types of marketing as more important than Italian firms. This might be because UK and US firms are more likely to see law as a business, whereas Italian lawyers regard their work as more academic than commercial. It is also assumable that as newcomers operating in an unfamiliar market where their brands are not as well established, UK and US firms are under greater pressure to quickly establish their practice, to show results and to raise their profiles in ways that local firms do not. Of course, this makes them more likely to embrace marketing and promote themselves.

Although in a similar situation, UK and US law firms show different approaches: UK firms generally transfer their tried and tested UK marketing know how and staff the marketing department with two people, whereas US firms tend to have smaller departments, provide a relatively large budget for national marketing and reward lawyers for marketing activities, but give less know how support.

Italian firms, generally better established in the national market, seem to see less of a need to actively pursue marketing activities. However, the foreign competition and the growing number of firms creating marketing functions are slowly changing the marketing approach of even local firms that do not seek large corporate or cross-border work. In fact, the survey found that legal marketing has started to "trickle down" as even smaller firms and firms that are less marketing-friendly follow suit. Thus, some Italian firms might feel forced jump on the marketing bandwagon and create marketing functions without being truly convinced that lawyers should engage in marketing, which shows in a relatively speaking, less sophisticated marketing with smaller departments, smaller budgets and without rewards for lawyers' marketing activities.

Without a distinct marketing culture and help from marketing professionals from foreign-based headquarters and little formal support (e.g. by incentives), marketers in Italian firms tend to be in a more difficult situation than those in UK or US firms to gain support from lawyers to participate in marketing activities. This might tempt the better marketing specialists to join foreign law firms as there they can do more and more easily than in many local firms.

As to be expected at an early stage of the market, lawyers in Italy want marketers to mainly “do” marketing: operate, organize and produce, rather than participate in strategic decisions and planning. This explains why marketers spend a lot of time on basic, traditional, operative tools, even those that were rated as little effective by marketers, as for example, producing the firm’s brochures. It would be interesting to see if buyers of legal services share their opinion on the effectiveness and ineffectiveness of marketing instruments.

A number of marketers expressed their interest in introducing new distinctive, more creative and innovative activities (also below-the-line), seemingly tired of organizing yet “another late afternoon/early evening client seminar followed by a cocktail reception”.

However, legal marketers are advised to not push too hard and try to force certain marketing activities on firms that are not culturally ready if they do not want to run a risk of getting too far ahead of the lawyers and face resistance. Legal marketing is an entirely new territory for lawyers and marketing lessons still are not part of university law degree programs. It will take time to make lawyers understand that it is no longer sufficient to have excellent legal skills, but also good marketing skills.

Legal marketers in Italy consequently need to understand that the first step is to “educate” the lawyers on marketing as well as “provide” the marketing basics. They have the opportunity to look beyond national borders and see what worked in other countries that engaged in legal marketing many years ago. Trying to understand not only what, but also why, then interpreting and adapting the winning formula to the specifics of Italian market is a most promising solution.

This could be by convincing lawyers with facts. These facts can be created by demonstrating that marketing affects the bottom line. A good start would be to work with a group of already marketing-friendly lawyers: After an initial introduction to marketing, plan development and on-going coaching and project work, first success stories usually can be showcased as best practice. Comparing “before” and “after” results should help persuade even the less marketing-friendly, as marketers will be able to go beyond the (currently) mostly operational level and take the next steps only with the lawyers’ support.

Realistically, more sophisticated marketing requires a more advance marketing culture as well as training, strategy, focus, attention to detail and commitment. Then, legal marketing will mean identifying core clients or core industries and building relationships with them, understanding clients' business needs and tailoring services to address those needs, CRM (customer relationship management) and market research, instead of simply producing brochures and organizing seminars. Commonly used in many industries in Italy and in legal marketing in other jurisdictions, they currently play no role, but most likely will show where legal marketing will head in the future.

Of course, this is not done in a short period, but through education, examples of success stories and with lots of patience and elbow grease. Legal marketing is here to stay in Italy. The choice is not to market or not, but as the marketing authorities Kotler and Levy stated: “... no organization can afford to avoid marketing. The choice is to do it well or poorly.”

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