

Survey - Legal marketing in Italy 2005

Although still a relatively new concept, legal marketing appears to be gaining acceptance in Italy. Even in spite of the limited range of permitted marketing activities, many mid to large law firms in Italy now actively market their practice.

(Art. 17 of the "Codice Deontologico Forense" forbids a number of marketing tools commonly used in other jurisdictions, such as naming of specialization, advertising, sponsoring, actively pursuing prospect clients etc.)

In September 2005, law firm marketing consultant Silvia Hodges conducted an update of her 2004 survey among Italian legal marketing professionals. The group of specialized marketers regularly meets at the "Legal Marketing Luncheon", a networking and educational platform founded in May 2004 by Silvia and sponsored by Martindale-Hubbell (www.martindale.com) and Just Legal Services (www.justlegalservices.it).

SURVEY STATS OVERVIEW:

Responses 24 (response rate 72.72%)

Sex

Female	17
Male	7

Location

Based in Milan	23
Based in Rome	1

Law firm nationality*

Italian	11
UK	8
US	4
German	1

Law firm size**

Very Small (<10 lawyers)	1
Small (10-24 lawyers)	5
Medium (25-99 lawyers)	12
Large (100-249 lawyers)	4
Very large (>250 lawyers)	2

Lawyers' attitude towards marketing

Very important	9
Quite important	13
Neither nor	1
Quite unimportant	1
Very unimportant	0

* The term "UK marketers" or "US marketers" in this report refers to marketing managers based in Italy, but working for law firms with headquarters in the UK or the US. To respect anonymity and due to the small sample size, this report does not discuss the single German law firm participating in the survey in a separate fashion.

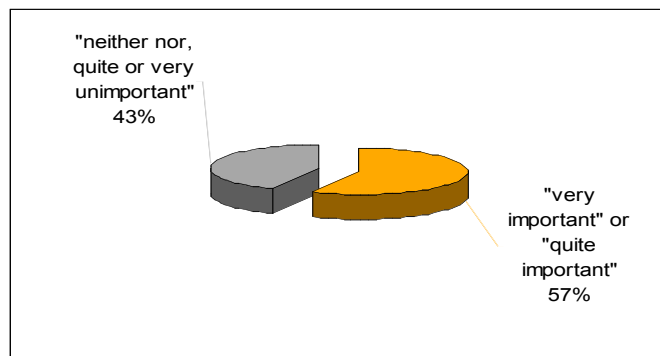
** To respect anonymity and due to the small sample size, this report does not discuss the one very small law firm participating in the survey in a separate fashion.

KEY FINDINGS:

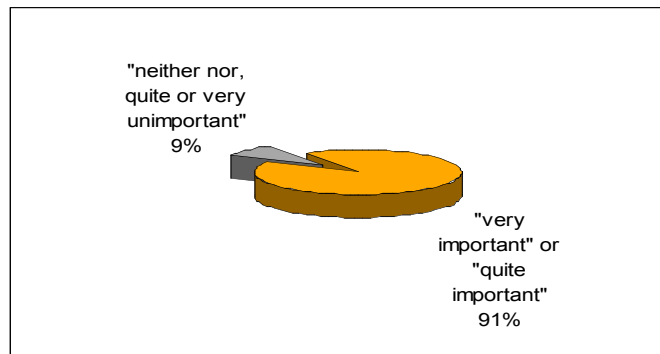
2005 saw a very notable increase in the acceptance of legal marketing, with more and more lawyers (in their role as marketing partners) joining the marketing managers at the Legal Marketing Luncheons and over 91% of the responses stating that lawyers in the firms consider marketing as “very important” or “quite important” - compared to 57% in the 2004 survey. In particular, the percentage of law firms rating marketing as “very important” rose from 14% in 2004 to 37% in 2005.

Lawyers in my firm consider marketing...

2004 survey



2005 survey



2005 did not see the creation of many new legal marketing departments in Italy, however, a number of the existing marketing departments increased in size in terms of staff members.

Several law firms established marketing committees and/or the function of a marketing partner, in particular in firms without marketing managers.

Brochures and **national media relations** still head the list of most frequently used marketing tools, followed by client **seminars**. **Conferences**, last year's favorite, lost some appeal and now takes fourth place. Other widely used marketing instruments include **newsletters**, **directories** (both listing and research), **websites**, **international media relations**, **pitch material for beauty contests** and **networking** with professional associations. **Internal communications** and **CRM** (client relationship management), **marketing research** and **marketing training** for lawyers, all hardly used in 2004, appeared on the map. According to the survey, advertising, give-aways/gifts, sponsoring, pro-bono activities, and recruitment marketing remained only modestly important for law firms in Italy.

Although the majority of marketing activities is done by in-house marketers, the number of firms using outside professionals for national media relations, graphics, marketing training, and event planning rose from 19% in 2004 to 37% in 2005.

Surprisingly, the number of firms with a written marketing plan decreased from 76% in 2004 to 54% in 2005. However, in the firms with a marketing plan, more marketers (84% in 2005 instead of 62% in 2004) both wrote and executed the plan.

Legal marketers generally are responsible for organizing client **seminars**, the firm's **national** and **international media relations**, producing **brochures**, listing their firms as well as gathering material for research for international **directories**, preparing or updating the firm's **website** and **pitch material**. The list of marketers' responsibilities now also includes **internal communications** and **CRM**.

According to the survey, **seminars** are the most important and effective legal marketing tool in Italy, followed by **national media relations**. (In 2004, national media relations topped seminars.) **Websites** took third place, and **conferences** fourth.

The advance of marketing in law firms also shows in almost 80% now having a marketing budget. Interestingly, the budget question seemed to be a less sensitive topic this year than last year: in 2004, only 54% answered the budget question compared to 67% the previous year. 2005 saw 41% of firms raising their marketing budgets, 53% spending the same amount of money. Only one firm reduced its budget. 29% of the firms with a budget spent more than Euro 100,000 (all numbers exclude personnel cost), 12% spent in the range of Euro 60,000 to 100,000, 23% between Euro 10,000 and 60,000, and 35% between Euro 10,000 and 30,000. No firm had a budget of less than Euro 10,000 annually.

Only a third of the law firms in Italy measured marketing effectiveness, in the sense of checking if the marketing money was well spent. Half of the firms however, tracked the amount of lawyers' time spent on marketing. Of those firms, 75% considered the time dedicated to marketing efforts for appraisals and compensations (33% in 2004) and of these, 55% rewarded the lawyers for marketing and business development efforts with higher pay, bonus and/or promotion (29% in 2004).

Although the Italian 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, which is discussed separately.

VARIATIONS BY NATIONALITY:

UK FIRMS

UK firms were the first ones to embrace legal marketing as the previous survey discovered. This year, however, Italian and US firms caught up and showed relatively more enthusiasm for legal marketing as the majority of UK firms consider marketing as "quite important" rather than "very important" as the others. One marketer at a UK firm even thought that lawyers at the firm consider marketing as "quite unimportant" – the lowest rating in the survey.

On average, however, UK firms still spent the most money on marketing: half of the responding firms had annual budgets of over 100,000 Euro. Also, UK firms have larger marketing departments, usually staffed with two or more marketers, but tend to not outsource marketing activities. Interestingly, marketers in UK firms now report to a newly assigned marketing partner in Italy and to the managing partner in Italy instead of a marketing person in the UK as was the case in the 2004 survey.

Generally, UK law firms have a budget and a written plan, which the marketers frequently both write and execute. However, only a third of the firms attempted to measure the effectiveness of the marketing activities. Compared to marketers in other firms, UK marketers spent more time on preparing client seminars, pitch material for beauty contests, and brochures. In their opinion, client seminars remain the most effective tool followed by conferences and national media relations. As in the previous survey, UK firms state that marketing is not only a matter of the marketing department, but involves the lawyers: most UK firms expect lawyers to track time spent on marketing, which is considered for appraisals and compensation.

US FIRMS

In 2005, US firms in Italy started to fully embrace the concept of legal marketing: 75% stated that lawyers in their firms consider marketing as "very important", the remaining 25% say it is "quite important". In comparison, in 2004, 17% thought that marketing was "very important" for their lawyers and 50% thought it was "quite important".

While some US firms have relatively large marketing departments with four or more marketers based in Italy, the large part of US firms employs only one marketing person and/or outsources marketing and communications activities. Marketing managers now no longer solely report to the managing partners based in Italy, but also to marketers in the firms' US headquarters, just as their colleagues in the UK firms did last year. More US firms than UK and Italian firms have a written plan, both written and executed by the marketers, unlike 2004, when they had the highest number of marketers that only executed the plan. All US firms have a budget, but tend to spend less than UK and Italian firms, on average between Euro 30,000 and 100,000. No US firm spent over Euro 100,000.

Like their UK colleagues, US marketers rated client seminars, media relations and conferences as the most effective marketing tools as in 2004. Other essential marketing tools according to US firms are international media relations, listings in directories and pro-bono activities.

Also like last year, most US marketers state that they measure the effectiveness of their marketing activities. Lawyers in US firms are expected to track the time spent on marketing, which all firms used for appraisals, but only a third rewarded with higher pay, bonuses or promotions.

ITALIAN FIRMS

2005 was also the year Italian law firms started to embrace legal marketing: 90% stated that lawyers in their firms viewed marketing as “quite important” or even “very important”. This is in stark contrast to last year, when no Italian firm considered marketing as “very important”, and a third even viewed marketing as “neither important nor unimportant”. In 2005, Italian firms also spent more money on marketing than ever before, some over Euro 100,000, and no firm reduced its marketing budget.

Still, most Italian firms employed only one marketing person, and rarely outsourced marketing activities. In almost all firms, marketers directly reported to the managing partner.

National media relations, websites, client seminars but also newsletters, brochures and networking are the most effective tools according to Italian marketers. In comparison to their colleagues, marketers in Italian firms do not consider listings in directories and pro-bono work as particularly effective.

Despite the Italian firms' increasing interest in marketing, more than half of them still do not have a written marketing plan and over 80% do not measure effectiveness of their marketing activities, compared to 75% of US firms. Also, only a third of the Italian firms stated that lawyers keep track of their time spent on marketing, of these only half consider it for appraisals and compensation.

VARIATIONS BY SIZE:

The 2005 survey found that law firm size impacts a range of aspects of legal marketing, not just department size and budgets as in 2004.

Not surprisingly, large and very large firms tend to employ two or more professional marketers whereas small and medium firms have one marketer or no marketing staff. Large and very large firms also spent more money on marketing – all of them over Euro 100,000 per year, excluding personnel costs. Small and medium firms regularly spent between Euro 10,000 and 50,000.

Law firm size has no impact on lawyers' view of marketing, as most lawyers across law firms now consider it "quite" or "very important". It also has very little influence on whether law firms have a written plan, a budget or measure effectiveness of their marketing activities.

However, the survey found that large and very large firms generally raised their budgets in 2005, whereas small and medium firms spent more or less the same amount of money on marketing. In large and very large firms, lawyers generally are expected to track their time spent on marketing, unlike in small and medium size firms. The majority of medium size firms - unlike small, large and very large firms - outsource marketing services.

Law firm size also had an impact on which tools were viewed as important: very large firms - unlike small, medium and large firms - viewed newsletters and research for directories as particularly important, large firms favored conferences and internal communications, medium and small firms showed no particular preferences.

VARIATIONS BY ATTITUDE:

Attitude towards marketing played a significant role in the size of the marketing department: the more positively a firm viewed marketing, the more marketers it generally employed.

Attitude also had an impact on whether the firm had a written plan, both written and executed by the firm's marketers as well as the amount of money spent on marketing. The more marketing-embracing firms spent at least Euro 30,000 and 75% of them raised their budgets in 2005, whereas the less marketing-enthusiastic firms spent the same amount of money on marketing as last year.

Attitude also effects which marketing tools were considered effective: websites, national and international media and seminars were the preferred marketing tool of the marketing-embracing firms, less marketing-friendly firms favored brochures and networking.

The marketing attitude correlated positively with the firm considering lawyers' time spent on marketing for appraisals and compensation, and rewarding marketing and business development efforts with higher pay, bonuses or a faster promotion to partnership.

CONCLUSION:

Undeniably, in 2005, legal marketing became a “topic” for law firms in Italy. No longer a quasi-taboo or considered a fad, most lawyers of the leading Italian firms now see it as a necessary part of law firm business and management.

A legal marketing culture seems to be developing, with marketing managers and newly designated marketing partners and/or committees playing an active role.

Law firms now are more willing to spend money on marketing, maintaining larger marketing departments and outsourcing specialized marketing functions such as public relations, graphics design and marketing training for lawyers.

Interestingly, in particular lawyers in Italian law firms seem to have made a leap in their (positive) attitude towards marketing, and spend more money on marketing than before. This might be partially due to comprehending that legal marketing is not preventable, as the UK and US firms continue their very pro-active marketing, and/or due to the understanding that it might in fact be a useful weapon in the increasingly competitive marketplace.

Strangely enough, UK and US lawyers seemed to have switched their approaches: In 2004, UK firms generally reported to London and transferred the tried and tested marketing know how from the headquarters, whereas US firm marketers in Italy had less contact with overseas. The 2005 survey paints a different picture, with US firms now reporting to marketers outside Italy and far fewer UK marketers reporting to London.

By and large, lawyers in Italy still want marketers to mainly “do” marketing: operate, organize and produce, but more marketers now both writing and executing their firm's marketing plan, using more sophisticated marketing tools, and in particular a small circle of senior legal marketers heading larger departments may lead to the conclusion of their more strategic role within the firms.

Unlike last year, marketers spent less time on marketing tools rated as “little effective”, such as brochures, and started focusing more on “more effective” tools such as seminars, media relations and newsletters. A new task for marketers is internal communications, which seems to be a logical consequence of the continuously increasing size of the law firms. Also new on the marketing managers' agendas are marketing research and CRM (client relationship management).

A little concerning is the fact that in 2005 less firms stated to have a written marketing plan than in 2004, which is not in line with a more sophisticated marketing approach otherwise assumable.

While a number of marketing managers and marketing partners expressed their strong interest in understanding better which marketing activities actually “work”, in other words, which marketing tools bring in business and/or improve the firm's reputation or visibility, to date, still only a third of the firms measures the effectiveness of their marketing. At the same time, law firms are now busier than ever tracking the hours lawyers spend on marketing, considering it for appraisals and compensation. This leads to the assumption that law firms pursue a mostly quantitative evaluation rather than the (also necessary) qualitative evaluation.

This is quite worrying, considering that lawyers might choose the wrong marketing activities, spending valuable time on ineffective marketing tools, which possibly lead to little or no success. Lawyers then sooner or later might presume that marketing “does not work” and return to a less marketing-friendly attitude.

Although many marketing concepts seem to be common sense, their strategic application and tactical implementation are in no way that simple. Legal marketing is still a new territory for lawyers and marketing lessons are not yet part of university law degree programs. It will take more time to make lawyers and law firms understand that it is no longer sufficient to have excellent legal skills, but also good marketing skills, in order to market themselves and the firm to current and prospect clients in a sophisticated, effective way.

Consequently, legal marketers are advised to continue to patiently support the lawyers in their new marketing activities, leading them in the right direction as well as providing basic marketing tools to the firm. A promising approach is the demonstration over time that marketing can and will play a role in affecting the firm's bottom line: As said last year, this more sophisticated marketing requires an advanced marketing culture, and marketers that ready and able to provide help. Lawyers in Italy by and large showed their willingness to embark on the marketing adventure, now it is up to the legal marketing professionals to demonstrate how it can work.

Silvia Hodges
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