

SURVEY - LEGAL MARKETING IN ITALY 2006

Legal marketing as a concept has started to spread among law firms in Italy. This development presumably was also accelerated by the “Bersani Decree”, now law n. 248, of August 4, 2006, which -among other things- now allows lawyers to advertise their services.

Just as in 2004 and 2005, legal marketing consultant **Silvia Hodges** conducted a survey on the state of legal marketing in Italy. The questionnaires for the survey were completed at the Legal Marketing Luncheon in October 2006. The event is part of an initiative by **legal marketing italia**, a network for professionals involved in the marketing of law and accounting firms in Italy. It was founded in 2004 with the idea that the individuals working to market legal and accounting services needed a forum to share and exchange ideas with each other.

Currently there are about 45 legal marketing professionals in Italian law firms, most of them participated in the survey. However, due to the small sample size, **legal marketing italia** kindly asks the interested reader to view the findings as indicators of developments.

Please contact **Simone Pasquini** (info@legalmarketing.it or +39 340 320 8957) for further information on legal marketing italia.

SURVEY STATS OVERVIEW:

Responses 40
(by legal marketers as well as lawyers)

Law firm nationality*
Italian 28
UK 7
US 5

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.

Law firm size
Very Small (<9 lawyers) 6
Small (10-24 lawyers) 11
Medium (25-99 lawyers) 16
Large (100-249 lawyers) 3
Very large (>250 lawyers) 4

Lawyers’ attitude towards marketing
Very important 16
Quite important 20
Neither nor 3
Quite unimportant 1
Very unimportant 0

KEY FINDINGS:

In 2006, legal marketing no longer remained a concept limited to mid and large firms in the Italian business centers of Milan and Rome. The idea to actively advance one's legal practice started to spread widely to firms of all sizes: It is no longer unusual for small law firms and single practitioners to "market" their services. This development was probably accelerated by the "Bersani Decree", now law n. 248, of August 4, 2006, introduced by the current government under Prime Minister Prodi to liberalize the professions. It allows lawyers to advertise their services, communicate their professional specializations and the characteristics of the service offered, as well as price. (Decree of July 4, 2006 n. 223 converted to law August 4, 2006 n. 248, Article 2 – Urgent disposition for the protection of competition in the professional service sector.)

Despite this reference, advertising should not be viewed as the legal marketing tool par excellence -or worse- advertising should not be equated with marketing. However, just like in other jurisdictions before (such as in the USA in 1977 or in the UK in 1986) the lifting of the ban on advertising serves as a signal that paves the path to marketing in law firms.

In fact, 2006 saw an **accelerated trend towards acceptance of legal marketing** in Italy: participants at the Legal Marketing Luncheons more than tripled in the course of two years: more and more lawyers joined the marketing managers at the Legal Marketing Luncheons - 97 participants at the event in October 2006, compared to 28 at the first Luncheon in May 2004. In the 2006 survey, **90% of the respondents stated that lawyers in the firms consider marketing as "very important" or "quite important"**. (40% rated marketing as "very important"). No one in the study stated that marketing was viewed as "very unimportant", and only 1 respondent stated that marketing in his firm was viewed as "quite unimportant".

After the growth of marketing department sizes in 2005, with several law firms employing up to four marketers for the first time, in 2006 a number of law firms have created a marketing department. **70% of the participating firms in the survey have one full-time person responsible for marketing** and 13% of the participating firms stated to have four or more marketers.

The survey also shows that in 88% of the responding firms **the managing partner** - instead of marketing committees (like in 2005) **was involved in the marketing decision making**. Marketing partners (which according to the 2005 survey were also often responsible for marketing, particularly in firms without marketing managers) were replaced by full-time marketing managers.

In 2006, seminars, newsletters and brochures head the list of **most frequently used marketing tools**. International media relations gained popularity, whereas national media relations lost appeal. Still prevalent instruments are conferences, directories (both listing and research), websites, and CRM (client relationship management). Among the **least used marketing tools** are advertising (which, as mentioned before, was forbidden until recently), give-aways/gifts, recruitment marketing, and internal communications.

The majority of marketing activities is still done by in-house marketers: only 30% of the participating firms stated to use outside professionals for national media relations, graphics, and marketing training.

Perhaps inline with the larger numbers of firms new to marketing, **only 20% of the firms stated to have a written marketing plan**. However, in the firms with a marketing plan, 85% of the respondents stated to be involved both in writing and executing the plan.

Most legal marketers added a new responsibility to their task list in 2006: **CRM**, but kept producing brochures, preparing and/or updating the firm's website, and organizing client seminars. National and international media relations on the other hand, got more and more outsourced to PR agencies.

According to the survey, brochures, websites, seminars, and newsletters are the **most important and effective legal marketing tools** in Italy. National media relations -in 2004 and 2005 rated as the or among the most important and effective instruments, lost a lot of popularity. Networking, marketing training for lawyers, marketing research and CRM instead increased in importance as effective legal marketing tools.

Possibly also aligned with the firms undertaking marketing activities for the first time, only 58% of the responding firms stated to have a designated marketing budget. **69% of firms stated to have raised their marketing budgets**, (compared to 41% in 2005), and 13% spent the same amount. Only three firms said to have reduced the marketing budget. The majority of firms (67%) had an annual budget between Euro 30,000 and 60,000.

As in 2005, **only a third of the law firms in Italy measured marketing effectiveness** or 'return on investment' (ROI), in the sense of examining and controlling if the marketing money was well spent.

Slightly less than half of the firms, **41%, tracked the amount of lawyers' time spent on marketing**. However, of those firms, only 40% considered the time dedicated to marketing efforts for appraisals and compensations. In 83% of the responding firms this, however, resulted in a reward of the lawyers for his/her marketing and business development efforts with higher pay, bonus and/or promotion (compared to 56% in 2005 and 29% in 2004).

Just as in the 2004 and 2005 surveys, differing marketing approaches were found depending on firm size, nationality and lawyers' attitude towards marketing:

VARIATIONS BY NATIONALITY:

Italian Firms

In 2006, Italian law firms continued to embrace legal marketing: 96% (compared to 90% in 2005) stated that lawyers in their firms viewed marketing as "quite important" or even "very important".

Generally relatively new to marketing, most firms (86%) employ only one full-time marketing person. Half of the firms now outsource marketing activities, mostly media relations.

Other indicators for relatively large numbers of marketing novices are 79% stating not to have a written marketing plan and only a third of them measuring effectiveness of their marketing activities, compared to 67% of UK firms. In addition, only 39% of the firms have a designated marketing budget - usually between Euro 30,000 and 60,000- which was slightly raised from last year.

In most Italian firms the managing partner was involved in the taking decision regarding the marketing (budget). 11% of firms mentioned also to have a partner responsible for marketing, involved in the decision making process.

Slightly less than half (43%) stated that lawyers keep track of their time spent on marketing, which, however, is rarely used for appraisals and compensation.

Italian firms placed significantly more importance on networking than UK and US firms as marketing tools.

UK Firms

Just like in the 2004 and 2005 survey, UK firms appeared to be generally quite sophisticated, yet less enthusiastic about legal marketing than Italian firms. Only 66% stated that lawyers in their firm consider marketing as "very important" or "quite important" – compared to 96% of Italian law firms. However, compared to last year, no UK firm any longer considers marketing as "quite unimportant".

Like in 2004 and 2005, UK firms on average still have larger marketing departments than Italian or US firms. Usually staffed with two to four or more marketers, they generally do not outsource any of their marketing activities.

On average, UK firms continue to spend more money on marketing than Italian and US firms: all UK firms in the survey stated to have an annual marketing budget, which ranged from Euro 30,000 to over 100,000 Euro. In 2006, no firm reduced its marketing budget.

Another sign of more advanced marketing is that UK firms generally have a written plan (67% - compared to only 14% of Italian firms and 20% of US firms), which the marketers themselves frequently (83%) both write and execute. 67% of the firms stated to measure the effectiveness of the marketing activities (compared to 39% of Italian firms).

Perhaps also a sign of increasing sophistication in UK firms' legal marketing in Italy might be that marketers no longer report to a marketing person in the UK, but jointly work with the managing partner in Italy.

UK marketers believe that client seminars, national media relations and CRM are the most effective marketing tools, whereas brochure and networking -both favored by Italian firms- do not rank highly.

In UK firms marketing is not only a matter of the marketing department, but generally considered for appraisals and compensation of lawyers.

US Firms

US firms in Italy actively market their services, with 60% believing that lawyers in their firms consider marketing as "quite important". However, most firms do not employ full-time marketers, but assign lawyers with marketing tasks. It comes as a small surprise that 80% outsource marketing activities (compared to 29% of Italian firms and no UK firm.) Just like Italian and UK firms, marketers report to the managing partners based in Italy.

A sign of not particularly advanced marketing are 80% of US firms stating to not have a written plan and not measuring effectiveness. At the same time, just like in the 2005 survey, all participating US firms stated a budget. Like Italian firms, US firms usually spend less than their UK colleagues, on average between Euro 30,000 and 60,000. No US firm spent over Euro 100,000.

US marketers in Italy rated directories, give-aways/gifts and beauty contests as the most effective marketing tools. Unlike UK firms, marketers in US firms did not rank marketing research and CRM among the more important and effective marketing tools.

Lawyers in US firms generally are expected to track the time spent on marketing (60%), which however, is not necessarily used for appraisals and rewards.

VARIATIONS BY SIZE:

According to the 2006 survey, law firm size -in terms of numbers of lawyers- impacts a range of aspects of legal marketing:

Only medium, large and very large firms have departments of two or more professional marketers. 75% of very large firms employ even four or more marketers. All small firms in the survey had one person responsible for marketing and very small firms often do not employ marketing staff.

Small and medium firms are more likely to outsource marketing activities than firms of other sizes. Marketers in large and very large firms usually handle all marketing activities in-house. In very small firms, lawyers handle all marketing themselves.

Medium, large and very large firms are more likely to have both written plans and designated marketing budgets (all very large firms, and 75% of medium firms budgeted for marketing activities). Small firms are rather unlikely (82%) and very small firms regularly neither write plans nor budget their marketing expenditures.

As one might expect, budget size correlates positively with firm size: small firms spend up to Euro 60,000, medium firms range between Euro 10,000 and 60,000. Large firms usually spend between Euro 30,000 and Euro 60,000, and the budgets of very large firms are a minimum of Euro 30,000.

According to the survey, in 2006 medium (75%) to very large firms (100%) have raised their budgets, whereas 60% of small firms spent the same amount as in 2005.

Law firm size also had an impact on which tools were viewed as important: large and very large firms view media relations –both national and international-, newsletters, seminars, directories (listing and research) as especially effective. Very large firms favored CRM, sponsorships, beauty contests and pro-bono, as well as charitable activities. Very small and small firms on the other hand believed in the value of brochures, websites, and networking.

The survey found no correlation between law firm size and lawyers' view of marketing.

VARIATIONS BY ATTITUDE:

Attitude towards marketing played a significant role in the size of the marketing department and outsourcing: the more positively the lawyers of a firm view marketing, the more marketers it generally employed and the more likely it was to outsource marketing activities.

Attitude also effected which marketing tools were considered useful: national and international media, seminars, conferences, networking, marketing training of lawyers, marketing research and CRM were the preferred marketing tools of the marketing-embracing firms. Less marketing-friendly firms favored sponsoring and beauty contests.

The survey found that attitude had an impact on the likelihood of a firm measuring effectiveness of marketing activities carried out (56% of firms viewing marketing as "quite important" measure effectiveness compared to no firms rating marketing as "neither/nor" or "quite unimportant"). Similarly, the correlation to whether the firm had a marketing budget: Only 13% of marketing-friendly firms stated to not have a budget, compared to 50% of firms less convinced of marketing.

Marketing attitude also correlated positively with the firms 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: 63% of firms viewing marketing as "very important" tracked marketing time, compared to no firms that viewed marketing as "quite unimportant".

On the other hand, the 2006 survey found that the amount of money spent on marketing, whether a firm raised its marketing budget and the likelihood of having a written plan was not related to lawyers' attitude towards marketing (75% of firms viewing marketing as "very important" and 78% "quite important" did NOT have a marketing plan).

CONCLUSION:

In 2006, legal marketing became a fact of life, an accepted necessity, among lawyers in Italy. Definitely no longer “unmentionable”, most lawyers –not only of the leading Italian firms- now see marketing as a necessary part of law firm business and management.

In particular, lawyers in Italian law firms seem to have made a leap in their positive attitude towards marketing. More willing than ever to spend money on marketing, this surely was accelerated by the now (in)famous “Bersani” law. According to some marketers, many lawyers perceive peer pressure to get active, without really knowing what (and how) to really “do marketing”.

Surprisingly, although quite active and relatively more generous in terms of budgets, Italian lawyers in UK firms continue to seem less convinced of the value and importance of marketing. In fact, it appears that marketing is among the management tasks “ordered” from the UK headquarters, rather than done out of conviction.

Marketing in US firms in Italy is different. With few exceptions less sophisticated than marketing in UK firms, it appears that marketing is assumed to be done by the lawyers themselves – without the support of marketing staff and little –if any- support from the US headquarters.

The generally now wider reach of legal marketing, carries an intrinsic problem: Although marketing might seem to be very common sense to most lawyers, their successful, strategic application and tactical implementation are in no way that simple. Legal marketing in 2006 is still a new territory for lawyers in Italy as marketing lessons are not (yet) part of university law degree programs or commonly frequented continued legal education programs. In fact, many lawyers do not understand the potential benefits and pitfalls of marketing, confuse marketing with advertising, and do not discern the suitability of individual marketing instrument for different situations.

For example, very concerning is the fact, that only 10% of the participants in the study stated to have a written marketing plan or 16% confirmed to measure effectiveness of their marketing activities – keeping in mind that these firms are among the most advanced in legal marketing in the country! On the positive side, a surprisingly large number of firms recognized more sophisticated tools, such as marketing research and CRM (client relationship management) not only as effective instruments, but listed them as part of their responsibilities. The question here is – in how far are these tools really put to their best use.

