KEY FINDINGS:

Law firm marketing is firmly established among the leading firms in Italy. In the 2007 survey, **90%** of respondents answered that lawyers in their firms **consider marketing as either "very" or "quite important"** and more respondents than ever, **50%**, (compared to 41% in 2006, 38% in 2005, or 14% in 2004), stated that lawyers in their firms **consider marketing as even as "very important".**

In 2005 the number of marketing department creations stagnated for the first time (since the creation of the first marketing departments in law firms in 2001 and 2002), but numerous firms hired additional marketers to enlarge their existing in-house departments. In 2006, another wave of law firms established their first-ever marketing departments. **2007 saw** both **law firms increasing the size of their marketing departments as well as the creation of new marketing departments in other firms**: While in 2006 69% of the responding firms stated to have one full-time staff responsible for marketing, in 2007 35% had one marketer, 20% had two, **30% had three marketers and 15% had four or more marketers**.

With the increasingly large marketing departments, the **majority of marketing activities continues to be done by in-house marketers**: in 2007 law firms outsourced even less than in 2006 (only 20% compared to 31%) using outside professionals for their marketing activities, in particular media relations and graphic design/website programming.

45% of legal marketers in Italy have a background in marketing, mostly coming from the banking and finance sector, consulting firms or fast-moving consumer goods backgrounds, while others (33%) used to work as lawyers ("avvocato" or "praticante") or were promoted from secretarial positions within the firms (22%).

The survey seems to suggest that marketing departments are becoming increasingly independent. While the managing partner used to be the sole decision maker in previous years, **35% of marketers were involved in the marketing decision making in 2007** compared to 13% in 2006 and none in the years before. Firms also appear to increasingly appoint marketing partners: in 2007, 30% had marketing partners compared to only 8% in 2006.

Larger and more experienced marketing departments probably explain why in 2007 **85% of the participating firms stated to have a written marketing plan**. However, only 45% measured the effectiveness of their marketing activities or 'return on investment' (ROI), in the sense of examining and controlling if the marketing money was well spent.

Law firms increasingly oblige their lawyers to track **time spent on marketing: 55% in 2007 instead of 41% in 2006**. While this did not use to the necessary criteria for

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appraisals and compensations, 55% of the firms surveyed now do take marketing time into consideration for bonus and/or promotion.

In line with the firms' trend to have written marketing plans, **75% of responding firms confirmed having a designated marketing budget**. While in 2006 69% of firms raised their marketing budgets, in 2007 only 27% did so and the majority (60%) spent the same amount. 76% had a budget of over Euro 30,000, **61% spent more than Euro 60,000 and 38% over Euro 100,000**.

Similar to 2006, in 2007 newsletters, websites, brochures, seminars, and speaking engagements headed the list of **most frequently used marketing tools**. Give-aways/gifts and pro-bono/charitable work remain the **least used marketing tools**, and blogs (also called "blawgs") –an increasingly important legal marketing tool in other countries, such as the US and the UK- have not been used by any of the firms surveyed yet.

CRM (client relationship management) -a new task in 2006- **has become a typical responsibility for marketers in law firms** in 2007, just like producing brochures, preparing and/or updating the firm's website, and organizing client seminars.

According to the **survey, websites, seminars, speaking engagements, and CRM are viewed as the most effective legal marketing tools** in Italy. Brochures –previously rated as one of the most effective instruments, lost in popularity. Directories, sponsoring, internal communications, and market research increased in importance as effective legal marketing tools. Most notably, client satisfaction surveys gained instant significance among law firm marketers as an effective marketing instrument.

VARIATIONS BY NATIONALITY:

Italian Firms

Italian law firms continued to embrace legal marketing: 54% (compared to 50% in 2006, 45% in 2005, and 0% in 2004) stated that lawyers in their firms viewed marketing as "very important".

38% of firms now employ at one marketer, 62% have two or three full-time marketing person. Consequently, most marketing is done in-house, only 15 % (compared to 29% in 2006) outsource marketing activities.

While only 14% of Italian firms stated to have a written marketing plan in 2006, 2007 saw an incredible rise: 85% of responding firms stated to have a written marketing plan, even more than 75% of US firms based in Italy. However, only 38% measure the effectiveness of their marketing activities.

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Only 39% of Italian firms had a designated marketing budget in 2006, in 2007, however, 62% of Italian firms stated to have a marketing budget. What's more, budgets raised from typically between Euro 30,000 - 60,000 to Euro 60,000 - 100,000.

While the managing or senior partner used to be the sole decision maker, marketing partners are starting to be introduced in Italian firms and marketers are ever more likely to take decisions regarding the marketing budget.

More than half of the firms (54%) stated that lawyers keep track of their time spent on marketing, however, still only 38% rarely used marketing efforts for appraisals and compensation.

Different from marketers in US or UK firms, marketers in Italian firms believe that directories are important marketing tools. Brochures appear to have lost the favor as have newsletters and networking.

Marketers in Italian law firms are often (61%) recruited directly from within the firms, having worked as (trainee) lawyers or assistants. Only 23% of marketers in Italian law firms worked as marketers in banking, finance or other industries.

UK Firms in Italy

In past surveys, lawyers in UK firms used to appear little convinced of the value and importance of marketing, perhaps perceiving it as a management task "ordered" from the UK headquarters, rather than done out of conviction. In 2007, however, all respondents from UK firms stated that lawyers in their firms viewed marketing as "very" or "quite important".

Like in the 2004, 2005, and 2006 surveys, UK firms, on average, have larger marketing departments than Italian or US firms with typically three to four or more marketers.

As in 2006, all UK firms in the survey stated to have an annual marketing budget, which typically exceeded Euro 100,000.

What's more, all firms stated to have a written marketing plan, which the marketers themselves typically both write and execute. More than any other, UK law firms typically (67%) measure the effectiveness of their marketing activities (compared to 46% of Italian firms and 25% of US firms).

Marketers in UK firms believe in the effectiveness of sponsoring events, media relations, client satisfaction surveys, and internal communications. Seminars and brochures have significantly lost appeal and are deemed to be of little effect.

Marketing is not only an issue for the marketing department. Lawyers in UK firms keep track of their time spent on marketing as well, as it is considered as criteria for appraisals and compensation more often than in Italian or US firms.

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US Firms in Italy

US firms based in Italy handle marketing differently than Italian or UK firms. While intensively using marketing in their home jurisdiction, US firms in Italy continue to typically maintain much smaller marketing departments than same-size Italian or UK firms, or even rely solely on assigning lawyers with marketing tasks and outsourcing marketing activities: 80% outsource marketing activities compared to 29% of Italian firms and 0% UK firms.

80% of US firms in the survey stated to have neither a written marketing plan nor to measure marketing effectiveness. However, just like in the previous surveys, all participating US firms stated to have a budget. Similar to Italian firms, US firms usually spend less than their UK colleagues, on average between Euro 30,000 - 60,000. No US firm spent over Euro 100,000.

US marketers in Italy rated newsletters, seminars, and CRM as important and effective marketing tools. Conferences and pitch material have lost favor compared to the previous year.

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

VARIATIONS BY SIZE:

The size of the law firm -in terms of numbers of lawyers- impacts legal marketing in a number of ways as the survey shows:

In 2007, 75% of small firms had 2 full-time marketers, up from one marketer in 2006. A third of the medium sized firms had three marketers and large and extra large firms typically had four or more marketers.

While small and medium firms frequently outsourced marketing activities in the past, in 2007 they hired in-house marketing staff. Large and extra large firms on the other hand used to handle all marketing activities in-house but did not outsource. In 2007, however, while they continued to hire marketers, they also started to outsource certain marketing activities, in particular media relations.

Budget size correlates positively with firm size, as one might expect. Small firms typically spend up to Euro 60,000 (excluding personnel cost), while medium firms have significantly increased their budgets to between Euro 60,000 - 100,000. Large and extra large firms continue to spend a minimum of Euro 60,000, a third of the firms had a budget of more than Euro 100,000.

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Law firm size also had an impact on the tools which were viewed as important: small and medium firms view directories as particularly effective and appear to view brochures and websites as little effective. Large and extra large firms believe in the effectiveness of internal communications and client satisfaction surveys.

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

CONCLUSION:

Since the so-called "Bersani law" liberalized legal advertising (see *Survey – Legal marketing survey in Italy 2006*), lawyers in Italy now appear to acknowledge the importance of actively marketing their practice.

After its advent in 2001/2002, legal marketing is now firmly established among the leading business law firms in the country. In particular firms based in the business center Milan and -to a somewhat lesser degree-, in the capital Rome routinely market their services. The great majority of the leading business law firms is more willing than ever to spend resources, money, and time on marketing. Hardly any of these firms now operates without a marketing department or marketing partner.

Marketing departments are increasing not only in size, but also in sophistication. Marketing has become a more formalized, planned activity with annual marketing budgets as well as a written marketing plans. More than ever, marketers not only execute, but both write and execute the plans and are involved in the decision-making process.

The progress shows also in terms of the marketing instruments used and deemed as effective: CRM and client satisfaction surveys, requiring relative sophistication of the marketing department as well as dedication of management have significantly gained importance.

Despite these great strides in the right direction, however, is the fact that the majority of firms that participated in the survey - keeping in mind that these firms are among the most advanced in legal marketing in the country- typically still do not –yet?- measure the effectiveness or return-on-investment (ROI) of marketing activities. This leads one to wonder in how far are marketing tools really put to their best use.

Furthermore, according to some marketers, after "Bersani", many lawyers now perceive pressure to get active, but often struggle to integrate "marketing" activities in their daily work, frequently feeling forced to "market" without really knowing what (and how) to really do so.

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Marketers will need to continue to educate lawyers to better comprehend what marketing is really about: securing the future of the firm by focusing on their target clients' needs. This is not done by *ad hoc* "cosmetic" activity, random promotions, aimed at helping the firm appear in a brighter light. Effective marketing means thoroughly understanding ones clients, the firm's own strengths and weaknesses as well as opportunities and threats in the marketplace, articulating clear marketing and business goals, developing the necessary strategy, and having the skills and resources to implement the plan.

To do so, management needs to commit to marketing, and be non-accepting of deviations. Instead of merely monitoring marketing activity, it needs to introduce a system that rewards effective marketing and business development activity. If law firms continue to only reward billed hours instead of investments in the future of the firm (a.k.a. marketing), busy lawyers will not see marketing as a valuable use of their time and simply not do it (properly). Law firms do well not to underrate the importance of marketing. It is both an investment in individual lawyer's career as well as the future of the firm.

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