

# Law Firm Marketing

research performed by

**CONICAL**



## The Purpose of this Report

This report is a much overdue follow up to a pioneering report written by Conical in 1999 that was one of the first in-depth comparative reports on law firm marketing in the UK. Since then Conical has published reports on Barrister marketing and accountancy marketing.

Since our initial report much has changed within the law sector. There are now well established intermediary brands that have been forcing a role for themselves between the law firm and the ultimate client and the much discussed arrival of new brands into the market is now a reality, not just a fear.

From a research perspective the completion of this survey has been somewhat more problematic than previous surveys. This survey deliberately targeted decision makers for marketing activity and the decision makers appear to be somewhat more resistant to completing surveys. On-line survey methodology was not considered for this exercise since it was felt that personal qualitative feedback was essential in ensuring the quality of the results and observations contained within the report.

At this moment in time we are also experiencing a sustained period of uncertain economic conditions that have resulted in some areas of legal practice seeing a substantial drop in activity levels. This report should assist Partners and marketing decisions makers within law firms and other law based organisations with their business planning. It is worth sounding a note of caution at this stage. No one law firm is the same as another and as such the marketing strategy and indeed budget spend of the firm should reflect where that firm is in its own development cycle, its target market and its own strengths and weaknesses. One size clearly does not fit all, which is an observation that will be developed later in the conclusions section of this survey.

## Survey Methodology

The information contained within this report is based upon telephone interviews with 38 law firms across England and Wales. The interviews took place during the summer of 2011 and were based on a structured script and questionnaire that captured both qualitative and quantitative information.

Based on an understanding of the market sector and the results of a previous survey, it was anticipated that there would be some variation in marketing approach, depending upon the size of the practice. The survey work was therefore split across a range of practice sizes, and for the purpose of reporting, the information contained within this report is split between firms of fewer than 10 partners, firms with 10 to 20 partners and firms with more than 20 partners.

The total number of respondents was broadly speaking, equally spread across the practice sizes. Whilst banding of respondents by Partner number does not make the investigation 'random' it provides a useful insight into the variation of approach adopted by different sizes of firm.

The core of the report details the raw findings of the survey work, which is followed by a commentary and observations section.

## SECTION 1

### Marketing Decision Making

The interview commenced by identifying the person responsible for marketing decision making within the firm.

	< 10 Partners	10-20 Partners	20+ Partners
Managing Partner	9%	-	-
Partner	18%	8%	-
Non-lawyer Marketing Manager	55%	92%	100%
No formal structure	9%	-	-
Practice Director/CEO	9%	-	-
Other	-	-	-

The results show an increasing tendency for larger firms to recruit specialist marketing personnel. Some smaller firms have a resource and whilst not addressed specifically here, it would be interesting to discover the seniority of these individuals and their marketing background. Some smaller firms for example often see marketing activity as a relatively junior administration responsibility.

## Marketing Components

The second section of the survey related to the importance respondents attach to different components of marketing.

“Could you indicate on a scale of 1-7 (1 being low and 7 being high) the importance of the following when marketing the practice?”

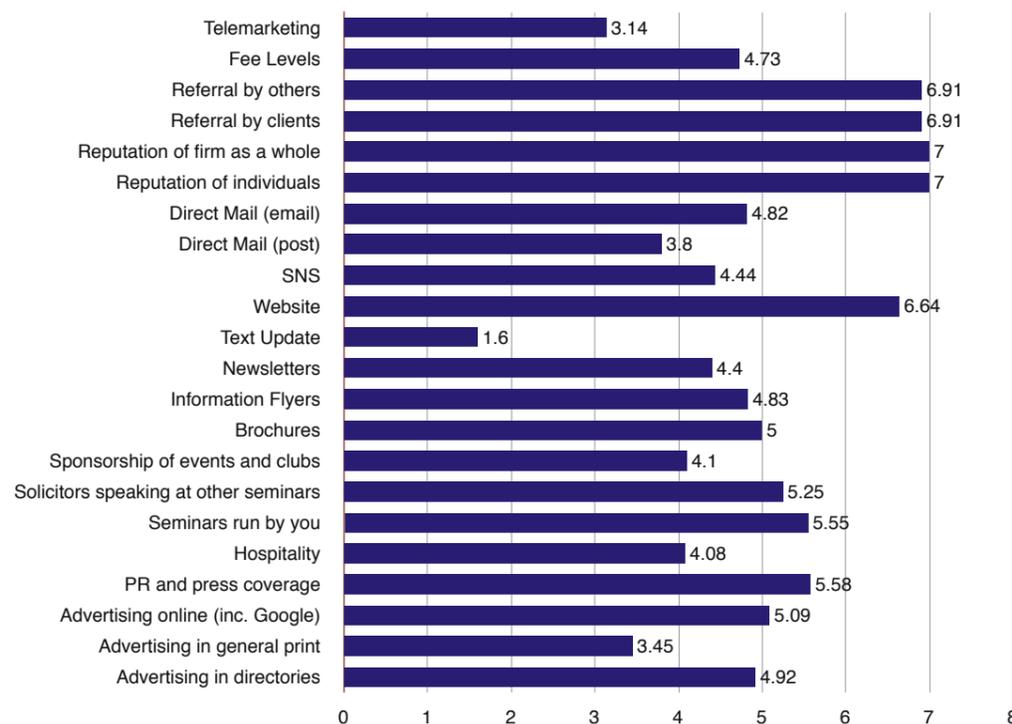
- Advertising in directories
- Advertising in general print
- Advertising on-line (including Google)
- PR and press coverage
- Hospitality
- Seminars run by you
- Solicitors speaking at other seminars
- Sponsorship of events/clubs etc.
- Brochures
- Information flyers
- Newsletters
- Text updates
- Website
- Social Networking Sites (including LinkedIn, Facebook etc.)
- Direct Mail (post)
- Direct Mail (email)
- Reputation of individuals lawyers
- Reputation of the firm as a whole
- Referral by clients
- Referral by others
- Fee levels
- Telemarketing

## 2.1 Firms with fewer than 10 Partners

The diagram below shows the average importance score attached to different marketing components. This graph gives an indication of how law firms of fewer than ten Partners view the tactical use and effectiveness of different components.

Averages only tell part of the story. Wide variations were observed when it came to importance scoring for some of the components, in particular, Advertising in Print, Hospitality, Social Networking Sites, Direct Mail (post) and Telemarketing.

There is overwhelming consensus on the importance of the higher scoring areas of Reputation, Referral and Websites. There is also consensus that Text updates are not an important part of the marketing mix. (\*Please note SNS is an abbreviation of Social Networking Sites.)



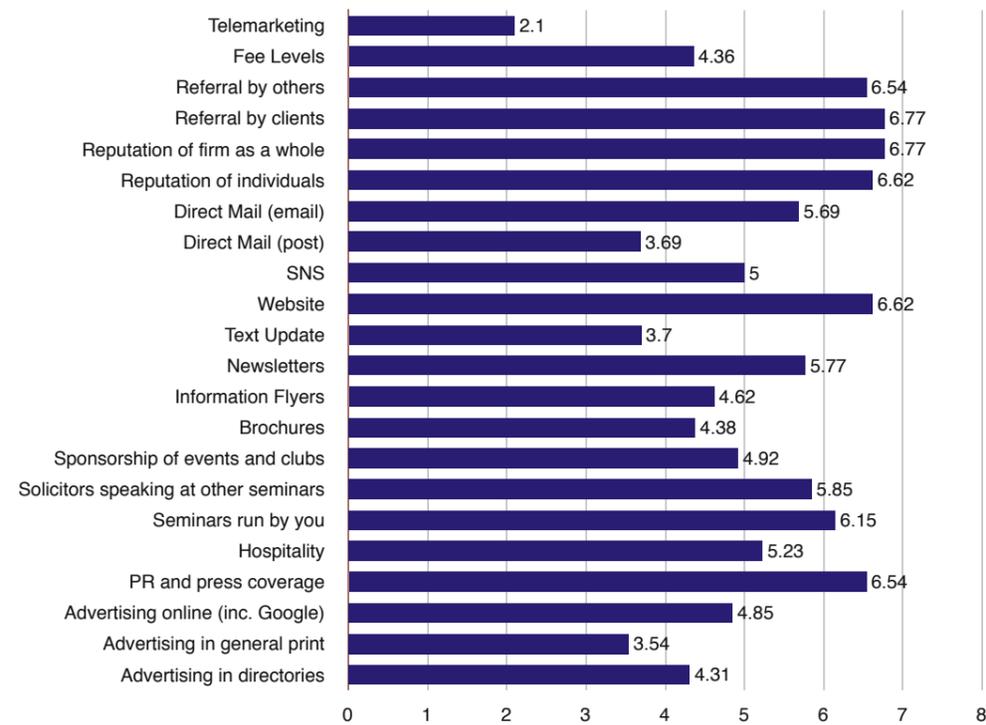
## 2.2 Firms with 10-20 Partners

The components of greatest importance to medium sized firms reflect those of the smaller firms, with Reputation and Referral being given consistently high scores. The referral scores are marginally weaker than those of smaller firms and reputation of the firm is considered more important than the reputation of the individual lawyers.

PR, Seminars, the firm's Website and Newsletters also receive consistently high importance scores.

Hospitality, Sponsorship, Direct Mail (email) are consistently more important to these larger firms while Advertising On-line (Google) is less important.

Similar to smaller firms, medium sized firms show wide variation in the importance scores allocated to Direct Mail (post), Advertising in Print and Social Networking Sites. These firms also showed wide variations in the importance attached to Brochures, Flyers, Advertising in Directories and Text updates.



## 2.3 Firms with 20+ Partners

Reputation and Referral remain the components of greatest importance. However the Referral score continues to weaken.

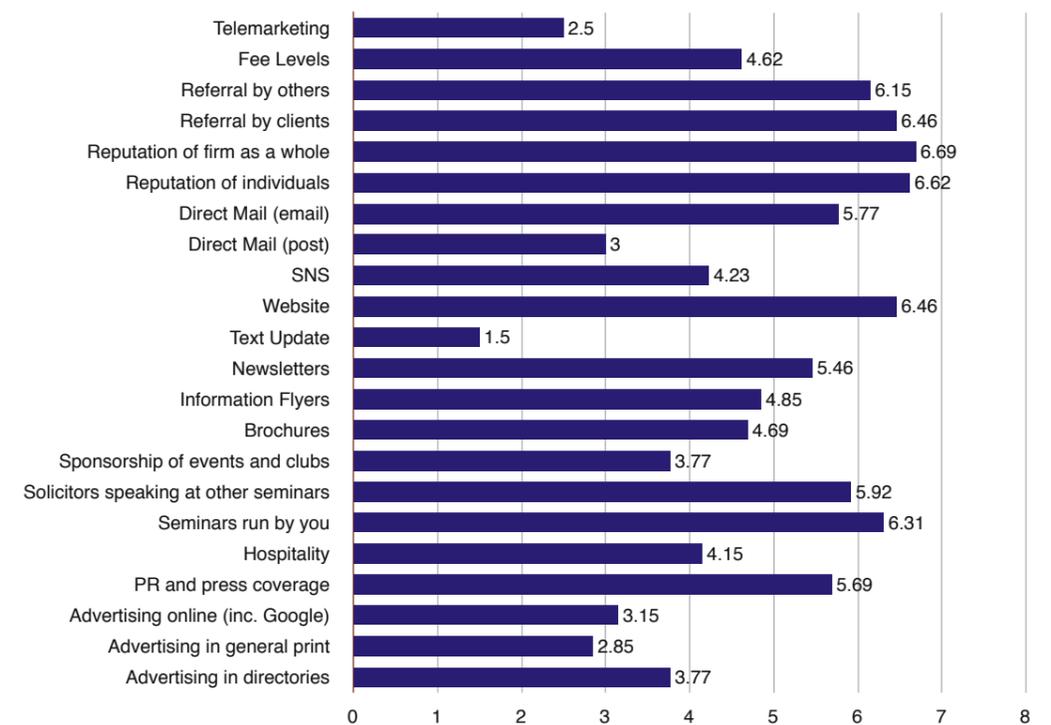
PR, the firm's Website, Seminars and Newsletters also continue to receive consistently high scores.

The increasing importance of Direct Mail (email) continues through to the largest firms while the importance of Advertising Online (Google) continues its decline. There is however a wide variation in the scores allocated to On-Line advertising by the largest firms.

Hospitality and Seminars are also considered to be important.

There continues to be wide variation attached to Direct Mail (post), Brochures, Flyers, and Advertising in Directories. However, Advertising in Print is consistently considered to be of less importance to the largest firms.

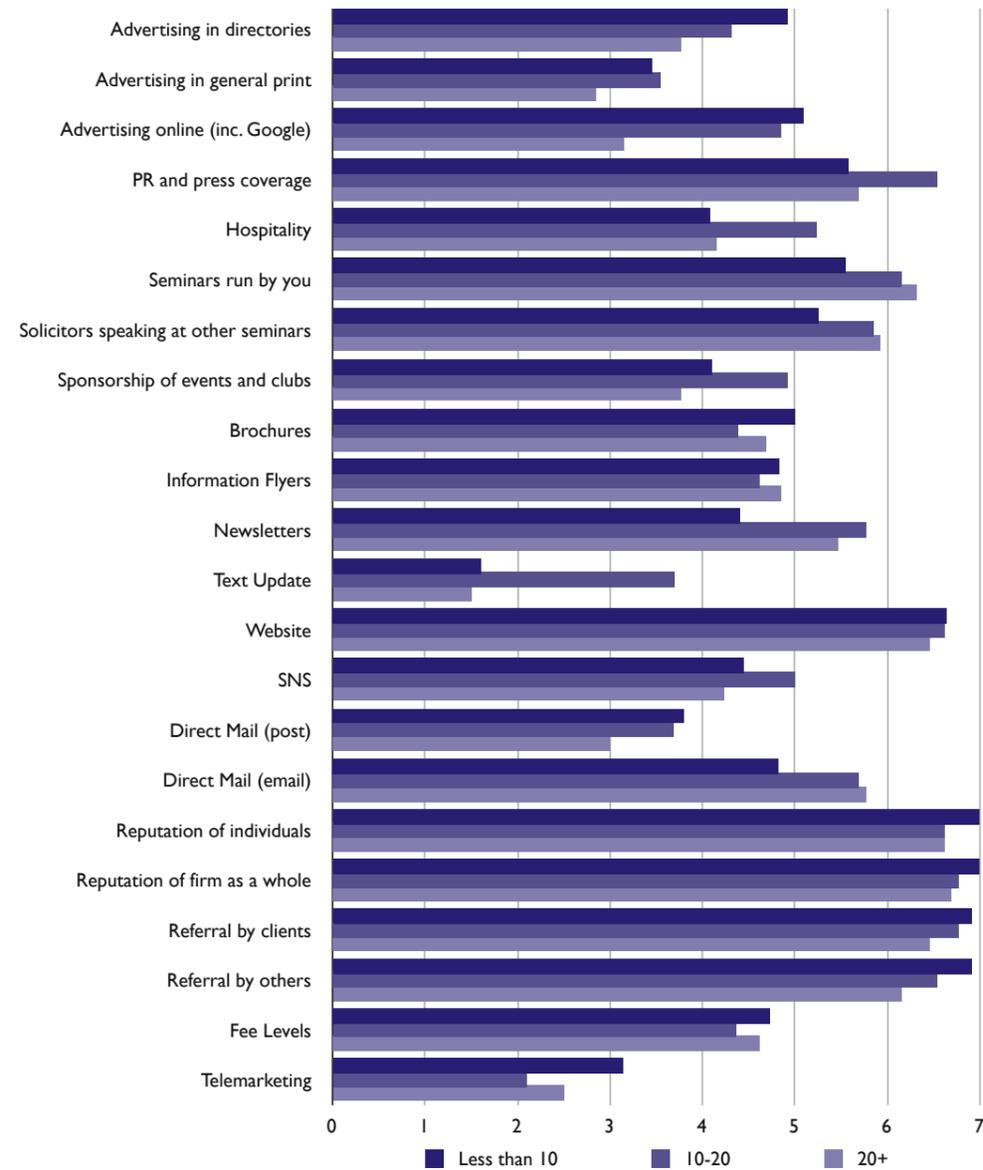
The importance of telemarketing and text updates remains low.



## 2.4 General Observations

The diagram below shows how the importance attached to the different components of marketing changes as the size of the firm increases. There are several overall trends that appear to be related to the number of Partners within the firm. As the number of partners increases the following trends are observed.

- Advertising in directories decreases in importance
- Advertising in general print decreases in importance
- Advertising on-line (inc. Google) decreases in importance
- Seminars run by the firm increases in importance
- Direct mail (post) decreases in importance
- Direct Mail (email) increases in importance



## SECTION 3

### Importance of Marketing

The third section of the survey attempts to determine how important marketing will be to law firms in the future.

“Could you state whether you see marketing as being more important to the firm in the next few years, about the same or less important?”

	< 10 Partners	10-20 Partners	20+ Partners
More Important	75%	77%	69%
About the Same	25%	23%	31%
Less Important	-	-	-

The majority of respondents see marketing growing in importance in the future. The slightly lower percentage for the largest firms could indicate that many of these firms already consider marketing to be very important.

## Understanding of Marketing

The fourth section deals with the firm's understanding of marketing.

### Statement 4.1

"Has anyone in the firm received any formal marketing training?"

	< 10 Partners	10-20 Partners	20+ Partners
Yes	50%	46%	92%
No	49%	54%	8%
No answer	1%	-	-

Interestingly although 92% of firm's with 10-20 partners have a Marketing Manager (see page 3), it appears that many of these have had no formal marketing training.

### Statement 4.2

"Do you think solicitors in general have a good understanding of marketing?"

	< 10 Partners	10-20 Partners	20+ Partners
Yes	42%	31%	23%
No	48%	69%	77%

The larger the firm the less likely it is that the fee earners have a good understanding of marketing. This is more of a concern for firms with less than 20 partners, many of whom do not have a formally trained Marketing Manager

## The Market Place

In the fifth section, respondents were asked to comment on future trends within the legal sector.

### Statement 5.1

"Solicitors will become more sophisticated in their use of marketing"

	< 10 Partners	10-20 Partners	20+ Partners
Agree	83%	85%	92%
Disagree	17%	15%	8%
No view	-	-	-

Firms of all sizes are united in their view that their use of marketing will become more sophisticated.

### Statement 5.2

"Solicitors will tend to specialise more (sectors/size of client/type of work) in the next few years"

	< 10 Partners	10-20 Partners	20+ Partners
Agree	75%	92%	92%
Disagree	-	8%	8%
No view	25%	-	-

Many firms have already started to specialise. This trend will continue.

### Statement 5.3

"There will be larger (merged) firms in future"

	< 10 Partners	10-20 Partners	20+ Partners
Agree	60%	77%	100%
Disagree	20%	8%	-
No view	20%	15%	-

It is perhaps not surprising that the largest firms are unanimous in their view that law firms will become larger in the future. These firms may already have plans to grow through the acquisition of smaller firms where there is a natural strategic fit.

### Statement 5.4

“Solicitors firms will merge with other professional advisory firms”

	< 10 Partners	10-20 Partners	20+ Partners
Agree	82%	62%	62%
Disagree	9%	31%	31%
No view	9%	7%	7%

The majority of firms, of all sizes indicate that a merger with another professional advisory firm is likely. However, larger firms appear to be less inclined to enter into a merger.

### Statement 5.5

“Fee rates will come under pressure”

	< 10 Partners	10-20 Partners	20+ Partners
Agree	73%	85%	100%
Disagree	9%	15%	-
No view	18%	-	-

The majority of respondents believe fee rates will come under pressure.

### Statement 5.6

“Individual partner self-promotion is more important than firm wide marketing”

	< 10 Partners	10-20 Partners	20+ Partners
Agree	18%	23%	84%
Disagree	73%	77%	8%
No view	9%	-	8%

The results suggest that the larger the firm, the more important it is for individual partners to raise their profile.

### Statement 5.7

“The firm as a whole could win more work from existing clients if fee earners were not over protective about their clients”

	< 10 Partners	10-20 Partners	20+ Partners
Agree	36%	84%	100%
Disagree	55%	8%	-
No view	9%	8%	-

The larger the firm, the more concern there appears to be about exploiting cross-selling opportunities. The origins of this issue were not explored here but could be related to the structure of the organisation, changing client needs, increasing specialisation or business culture etc.

### Statement 5.8

“The firm could do much more to sell more to existing clients”

	< 10 Partners	10-20 Partners	20+ Partners
Agree	27%	92%	100%
Disagree	73%	8%	-
No view	-	-	-

Small firms tend to believe they maximise the potential of each of their clients. By contrast the larger firms believe there is a lot of untapped potential within their existing client base.

### Statement 5.9

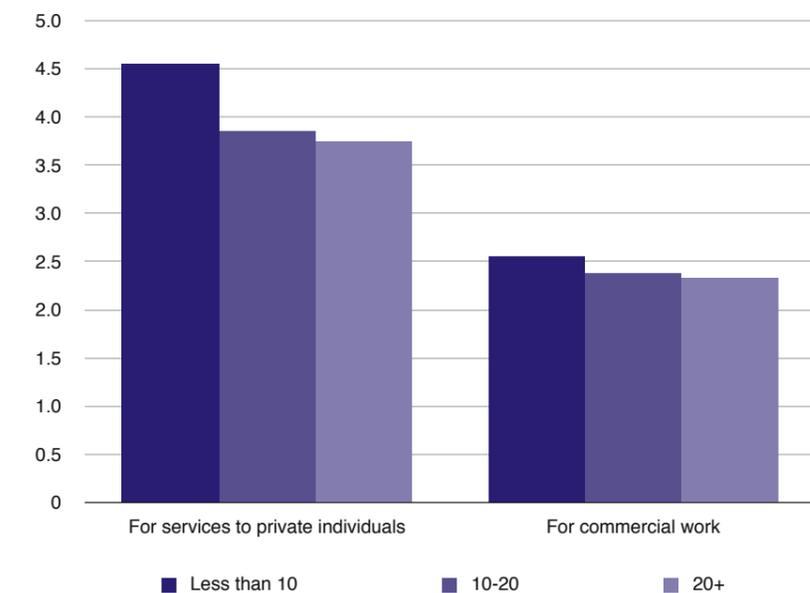
“Solicitors need more sales and marketing training to help them win more work?”

	< 10 Partners	10-20 Partners	20+ Partners
Agree	73%	77%	100%
Disagree	9%	23%	-
No view	18%	-	-

The general view of respondents is that more sales and marketing training is required. The precise needs will vary business to business but is interesting to note that despite the growth of marketing support there still appears to be something of a need for greater marketing and sales skills amongst solicitors.

### Statement 5.10

“How much of a threat is posed by the entry of well known non-legal brands into the legal market. (1 = minimal threat and 7 = considerable threat)”



Respondents agree that there is more of a threat, posed by the entry of well known non-legal brands into the legal market, to private work than to commercial work. The higher scores allocated by smaller firms is perhaps reflective of the make-up of their business.

## Client Care

The sixth section of the report identified whether firms monitor the client service and their view on the link between client service levels and levels of repeat business.

## Statement 6.1

“Does the firm currently monitor client satisfaction?”

	< 10 Partners	10-20 Partners	20+ Partners
Yes	91%	100%	100%
No	9%	-	-

The majority of firms, irrespective of size, monitor the level of service they deliver to their clients.

## Statement 6.2

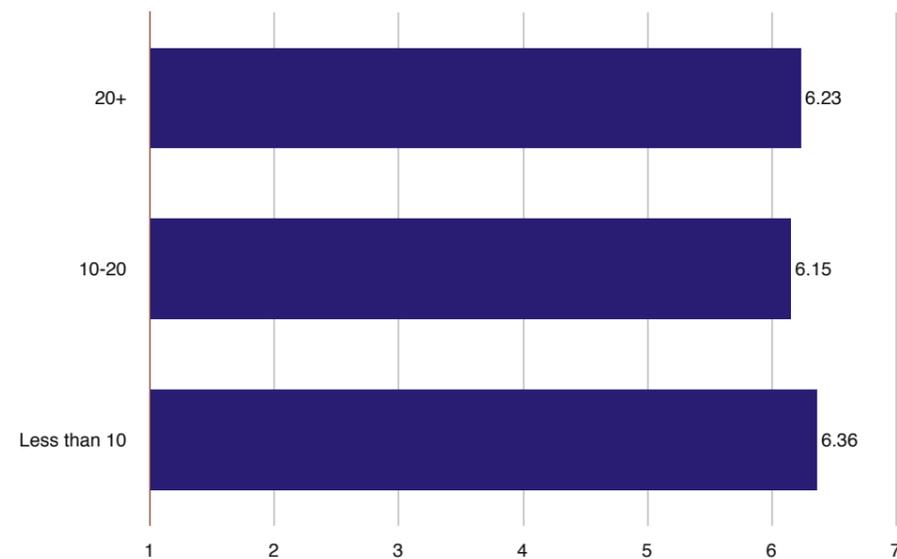
“Does the firm monitor and measure feedback from any seminars or hospitality events it runs for clients?”

	< 10 Partners	10-20 Partners	20+ Partners
Yes	91%	92%	77%
No	9%	8%	23%

The majority of firms also obtain feedback about the seminars or hospitality events that they run for clients. This is particularly important given the importance score allocated to seminars in section 2 of this survey. Larger firms appear slightly less inclined to do this.

## Statement 6.3

“How important is client care in generating referral of new business, on a scale of 1-7 (1 being low and 7 being high)?”



All firms believe there is a direct link between client care levels and new business levels.

## Marketing Budget

The seventh section of the survey identified whether firms set a specific annual marketing budget and if so the level of this budget.

## Statement 7.1

“Do you have an agreed marketing budget for the firm?”

	< 10 Partners	10-20 Partners	20+ Partners
Yes	64%	85%	100%
No	36%	15%	-

The larger the firm, the more likely it is to set an annual marketing budget.

## Statement 7.2

“If yes what is the annual spend (excluding employee costs)?”

	< 10 Partners	10-20 Partners	20+ Partners
Less than £50k	25%	12.5%	-
£50k - £70k	-	12.5%	8%
£70k - £90K	25%	12.5%	-
£90k +	50%	62.5%	92%

## Marketing Management

The eighth section of the Survey looked at how firms manage the day to day implementation of marketing.

### Statement 8.1

“Do you have departmental marketing budgets?”

	< 10 Partners	10-20 Partners	20+ Partners
Yes	10%	73%	85%
No	90%	27%	15%

Larger firms are more likely to allocate their marketing budget by department.

### Statement 8.2

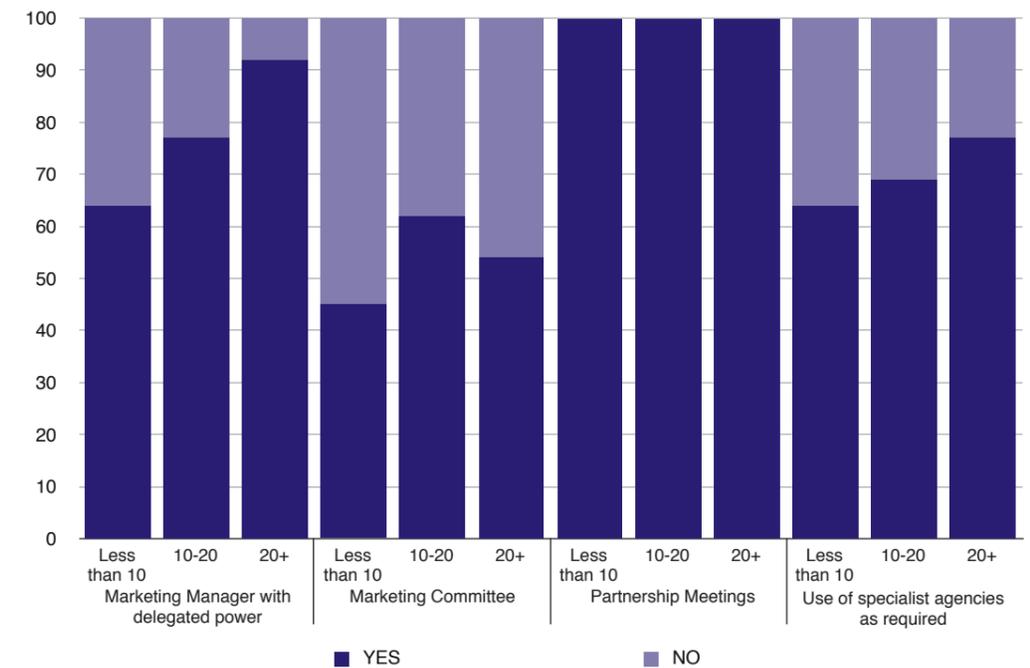
“Do you have a formal written marketing plan?”

	< 10 Partners	10-20 Partners	20+ Partners
Yes	55%	69%	92%
No	45%	31%	8%

The larger the firm, the more likely it is that there will be a formal marketing plan. The results for firms with 10-20 Partners is particularly surprising given that the majority of these firms have a Marketing Manager. This perhaps reflects the fact that many of these marketing managers have not had any formal training?

### Statement 8.3

“What management structures do you use for implementing marketing activity?”



Larger firms are more likely to have a marketing committee, delegate powers to a Marketing Manager and use the services of specialist agencies.

### Statement 8.4

“Do you actively target organisations for a direct personal approach?”

	< 10 Partners	10-20 Partners	20+ Partners
Yes	91%	69%	77%
No	9%	31%	23%

The results here for the larger firms are a little surprising in that whilst the majority still appear to target organisations there appears to be less of this happening than with the smaller firms. Quite why this is the case is unclear but it might suggest that the larger firms have more established brands that attract work whereas the smaller firms have to adopt a more personalised approach. This however is pure speculation.

## Marketing Management Overview

The final section of the Survey asked respondents to indicate the component of marketing that their firm was best at and the component that they were worst at. This was an open ended question (with no categories listed) with the responses being grouped around subject headings.

### Statement 9.1

“What does your firm do best in relation to marketing?”

	< 10 Partners	10-20 Partners	20+ Partners
Events/Seminars/ Hospitality	11%	25%	38%
Up to date marketing techniques	22%	17%	8%
PR	22%	8%	0%
Up to date communication with clients	34%	25%	23%
Cross selling/ new business	0%	25%	0%
Strategy	0%	0%	8%
Training/ensuring all partners are trained	0%	0%	8%
Client relationship management - feedback	11%	0%	38%

### Statement 9.2

“What does your firm do least well at when it comes to marketing?”

	< 10 Partners	10-20 Partners	20+ Partners
Events/Seminars/ Hospitality	0%	0%	0%
Up to date marketing techniques	14%	2%	9%
PR	14%	46%	18%
Up to date communication with clients	0%	0%	9%
Cross selling/ generating new business	58%	18%	37%
Strategy	0%	0%	9%
Training/ensuring all partners are trained	0%	0%	0%
Client relationship management - feedback	14%	18%	18%

## Some Strategic Considerations

These results show some variation in results in terms of size of firm but there is a surprising amount of consensus on what the important factors are when marketing a law firm.

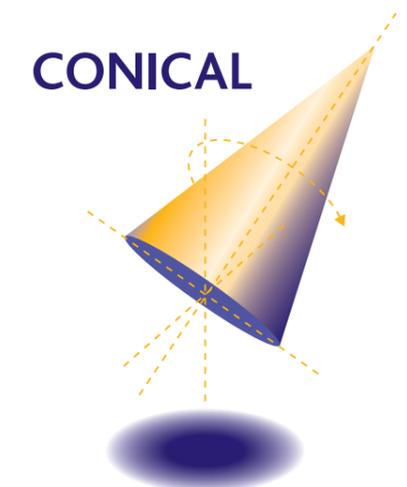
It is perhaps a little surprising to some to see issues relating to reputation and referral still at the top of the list. However, for many legal services is a high value, technical professional service that requires a substantial degree of confidence in the person/team delivering the service. For the majority of organisations building that trust within the ‘brand’ is a real challenge unless they operate at the price conscious or niche end of the market.

Reputation and referral are heavily influenced by client experience and the ‘trust’ they place in their legal adviser. As such firms may be able to stage a credible defence against new entrants by placing an emphasis on quality. The quality issue is more than procedural and having a quality system is one thing, client experience and the perception of quality is of course another.

The market as a whole is opening up to new forms of competition and its is not particularly surprising to see firms looking to merger as a means of providing ‘weight’ to their position within the legal market. In addition to merging with other law firms, some firms are also considering a merger with another professional advisory firm. This will present major marketing challenges in terms of rebranding, client communications and managing client conflicts to minimise loss of business at the point of merger.

Issues such as solicitor marketing and business development skills and cross referral appear to be a concern for many firms. The organisational web site is now high on the list of important components in the marketing ‘mix’. Given the changes in the market such as; increased merger activity (within and outside of the profession) and sustained competitive activity, issues to do with corporate strategy have probably never been more important. Identifying a clear strategy for the business going forward will be important but as ever the ability of the firm to deliver this strategy will be a managerial challenge. This could pose real problems relating to operational and strategic decision making which could result in tensions within firms as some services are withdrawn, new people join as a result of merger and so on.

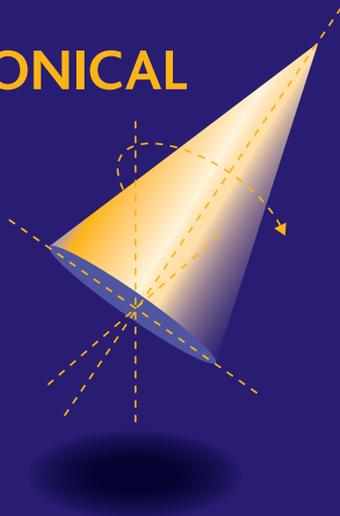
Arguably marketing at a strategic level has never been more important in this sector than it is now. Marketing goes beyond running hospitality events and posting content to web sites it helps determine the strategy vision for the business and delivers that vision through an integrated plan.





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