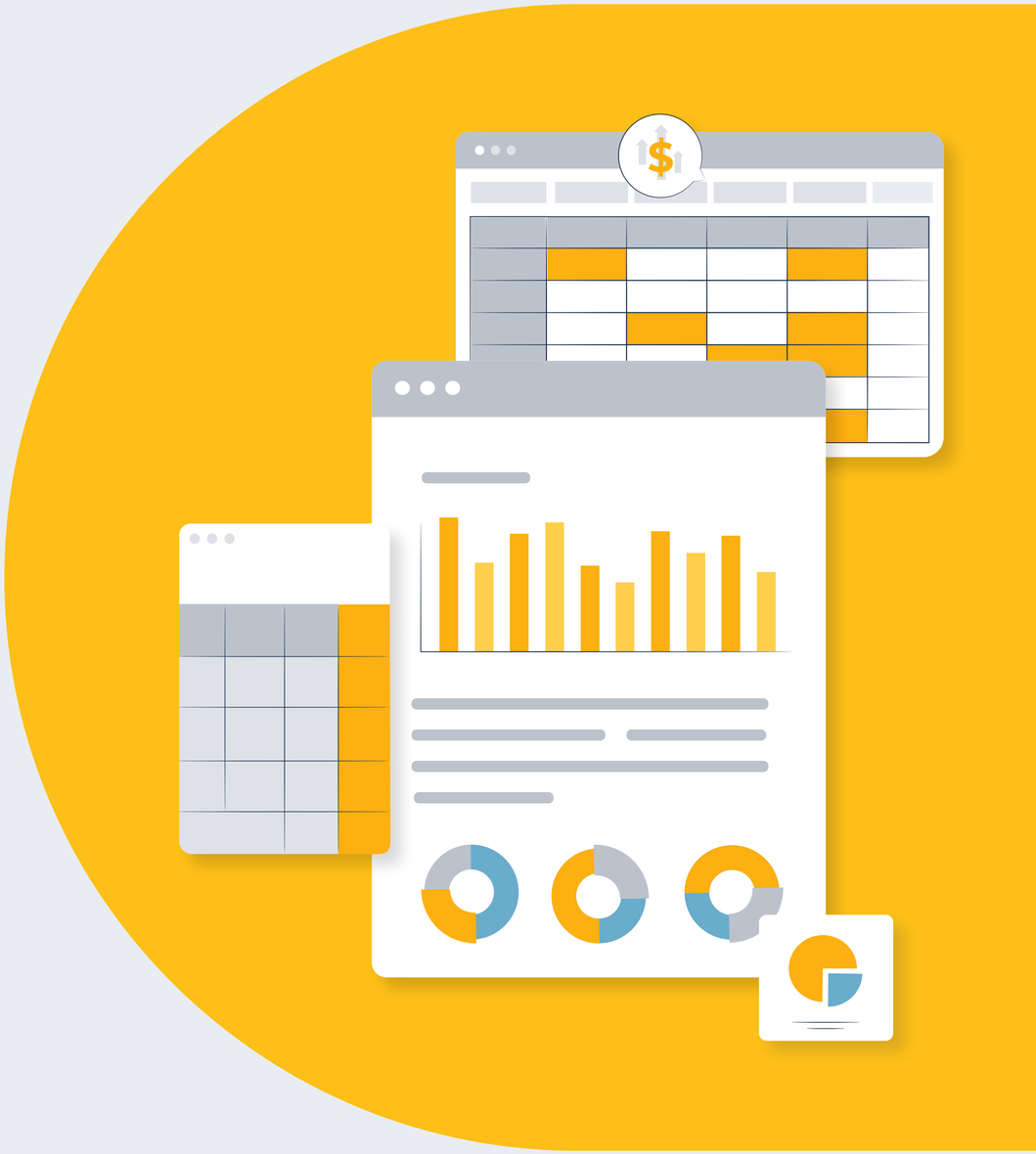
How to Manage a Law Firm Marketing Budget The Right Way

Budgetary guidelines to help you maximize ROI and significantly improve marketing performance over time.



Lawmatics



When business leaders consider a new initiative, the first question is typically “How much will this cost?” If your firm is asking this question regarding its marketing efforts, it’s certainly not alone. Unfortunately, marketing strategy, spend, and analytics are still largely a mystery to most law firms. This ebook aims to demystify marketing budgets for attorneys and legal professionals to help them create a game plan to avoid throwing good money away.

In the past several years, the legal marketing landscape has changed significantly. The days of simply delivering good services and relying on client referrals to keep business rolling in are over. Today, everything is more sophisticated, more strategic, and more connected – inside and outside of the online landscape.

As legal marketing becomes more widespread, marketing budgets have dramatically increased as law firms realize that they need to spend money to make money. In 2021, it was reported that 62% of legal businesses intended to increase their focus on marketing efforts and business development – a figure that may have been inspired by a 2018 research study conducted by the Legal Marketing Association and Bloomberg Law. The joint survey found that 41% of law firms that have increased their marketing expenditures and focus found this investment to be the single most influential factor in driving new business.

Contents

01	Why Marketing Matters for Law Firms	04
02	Why You Need a Marketing Budget	06
03	What Should Your Marketing Budget Be?	07
04	Marketing Budget Relative to Customer Lifetime Value	09
05	The Sales Funnel and How Spend Plays Into Each Stage	10
06	Areas of Spend to Consider	14
07	How to Track Marketing Performance	18
08	Measuring Outcomes	20

01

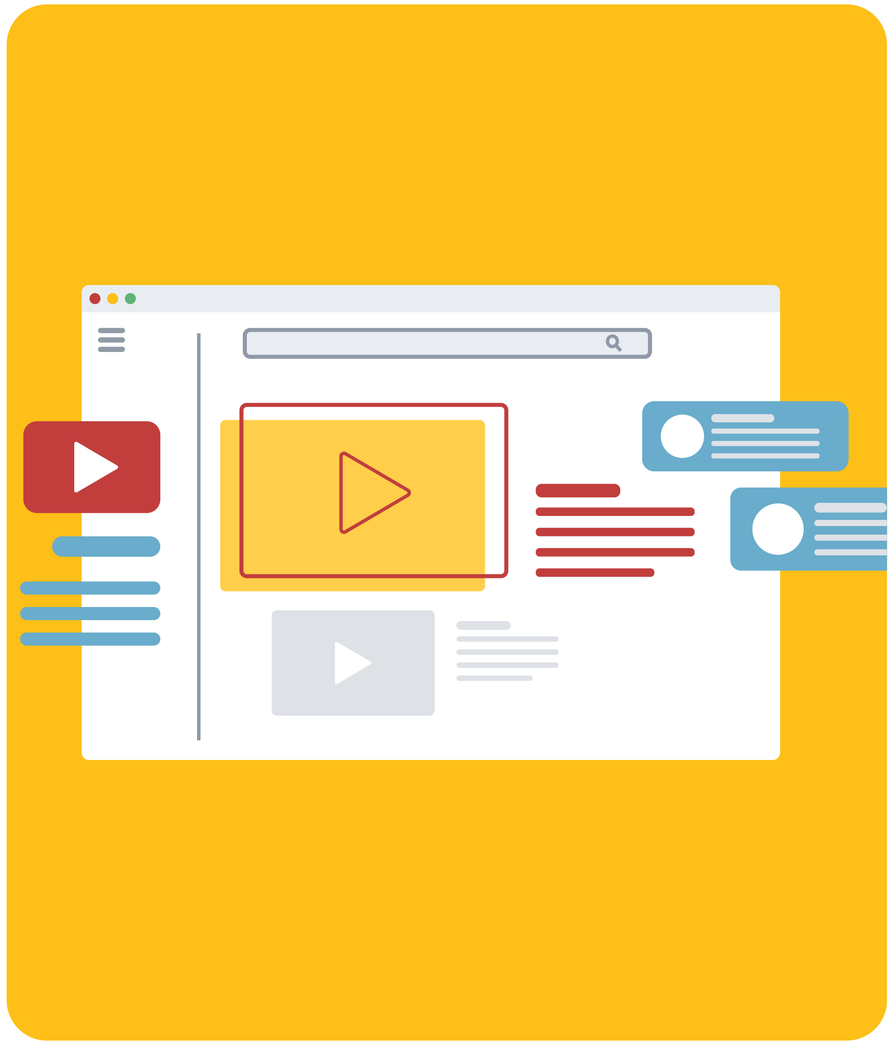
Why Marketing Matters for Law Firms

The legal industry is a crowded marketplace. Like any business that seeks to differentiate itself from the competition, a law practice needs to find ways to make itself more visible to potential clients.

Traditional legal marketing involving outdated methods such as word-of-mouth and back-of-the phone-book ads used to be the general preference in the legal sector, and flashy advertisements on billboards and television didn't seem to suit a profession that deals with serious and sensitive matters.

The consensus seemed to be that lawyers who advertised were "ambulance chasers," not very professional or trustworthy, so most law firms avoided attention-grabbing marketing activities to preserve their credibility. Another reason lawyers may not have done much advertising back in the day is that many of them were solo practitioners with practices that didn't have the marketing budget to afford the expensive marketing tools of the time.





However, the internet has propelled everyone, including lawyers, into new marketing norms and standards, and having an online presence is imperative for a modern law firm. Where lawyers previously settled for word-of-mouth promotion, they began to find new options in the rapidly evolving marketing industry. The internet has leveled the marketing playing field for businesses of all sizes and made it possible (and acceptable) for all professions to actively market their products and services by leveraging modern marketing technology.

It is now common for law firms to use all the avenues that digital marketing provides, including content marketing, blogging, bait pieces, search engine optimization (SEO), email marketing, social media marketing, mobile marketing, and various online advertising options such as pay-per-click (PPC) and display ads. However, despite this broader marketing scope, a law firm must ensure that its marketing efforts do not detract from the image of trustworthiness, respectability, and professionalism that it must project.

02

Why You Need a Marketing Budget

Many modern law firms don't have a set marketing budget in place. Unfortunately, this "DIY" approach often results in an uninspiring, "throw it at the wall and see if it sticks" strategy that does not produce the desired results.

To generate a favorable return on investment, law firms must earmark suitable funds for professional marketing services, far surpassing haphazard DIY strategies. If your firm has yet to explore marketing and develop a firm budget, you are probably familiar with the frustration of missing out on significant cases and lucrative clients. However, establishing a budget to market your practice will not only resolve these problems but will also put your firm on the path to future growth.

According to statistics compiled by the American Bar Association (ABA):

- **Less than half (46%) of law firms of all sizes have a marketing budget in place.**
- **Among the 46% who said their firm has a budget, 11% of the respondents said it decreased from the past year, 26% said it increased from the previous year, 27% said it remained the same, and 36% said they did not know.**
- **Although 87% of the firms surveyed have a website and 70% of those reported retaining new clients through their website, 40% of small firms do not have websites.**
- **35% of the small firms with websites admitted that they have not updated them in the last three years.**



03

What Should Your Marketing Budget Be?

Each law firm's marketing budget depends on various considerations, including size, service area, number of competitors, and how established the firm is. For example, an established practice with a strong track record of success and high market penetration may need a budget focused on maintaining the existing client base. In contrast, a younger but growing practice would benefit more from funding based on planned revenues. These factors significantly impact how much money a law firm can expect to spend to see results.

There are many viewpoints regarding how much a law firm should spend on its marketing. Here are just a few:

- The U.S. Small Business Administration (SBA) recommends that law firms spend 7%–8% of their gross revenue on marketing. For law firm management consultants, that number is closer to 2%–5%, but the actual spend depends on area of practice, geographic location, and the type of cases the firm handles.
- One study found that 65% of law firms spend most of their marketing budget on online marketing.
- According to a 2020 study conducted by Hinge Marketing, high-growth law firms spend 26.9% of their firm revenue on marketing efforts.

At the most basic level, a marketing budget for a small law firm should include resources for two areas of marketing: retention and acquisition.

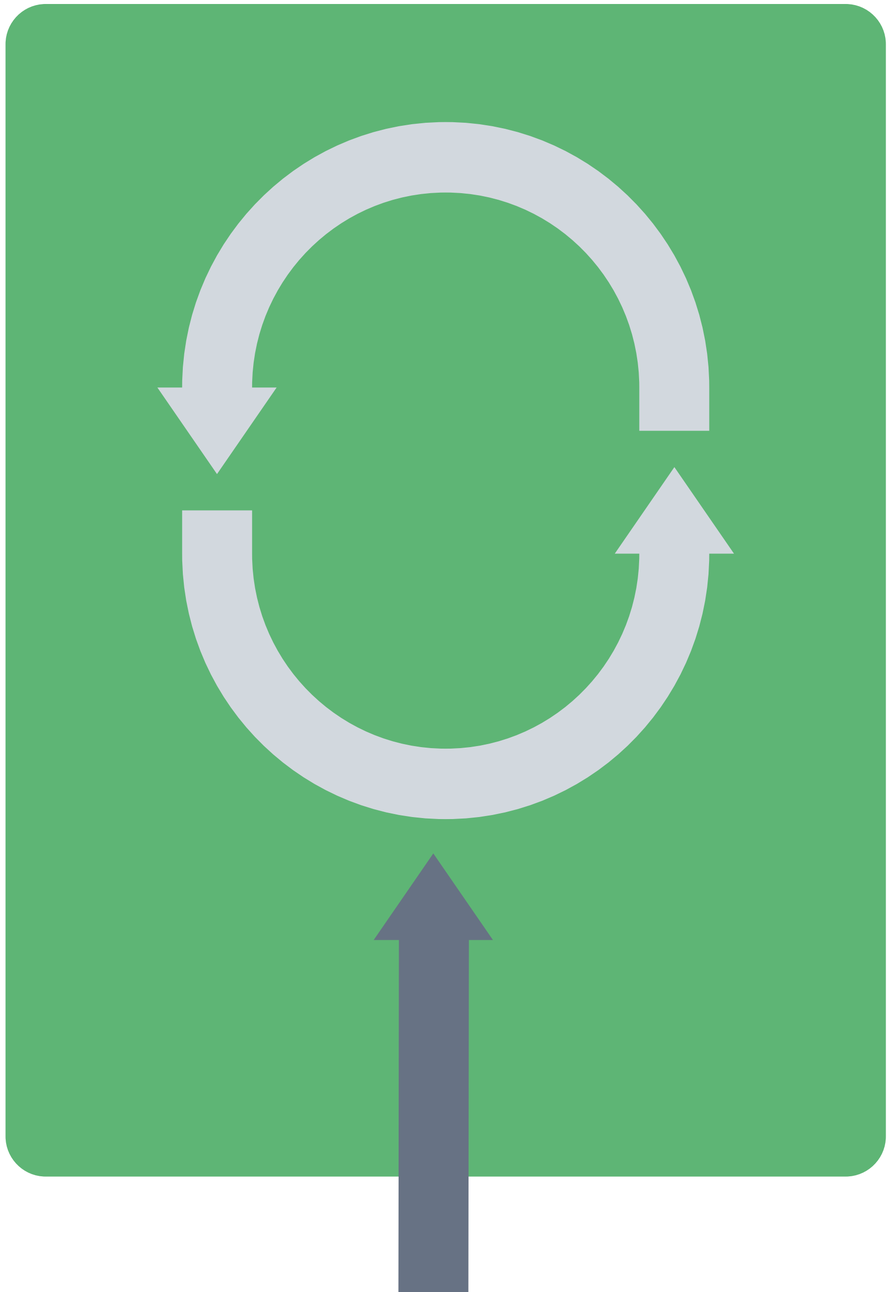
Retention

The budget and resources you allocate to retention marketing should depend on your practice area. For example, an injury or divorce lawyer could run a retention campaign through a referral program of testimonials by satisfied clients who spread the word about your stellar customer service. You could also make it easy for clients to refer you to their friends by investing in email automation follow-ups or review requests.

Acquisition

On the other hand, acquisition involves seeking out new clients – people who have never heard of you before- to position your firm at the top of their minds when they need a lawyer. Allocating resources to acquisition marketing will again be dependent on your area of practice and target audience. For example, suppose you're an established firm with many regular clients. In that case, acquisition marketing may not be as critical for you as it should be for a newly established, growing firm or a lawyer delving into a new area of practice and needs to attract a different type of client.

While these two areas of marketing are crucial for every firm, your area of practice will help you determine the resources to allocate to each area. For example, the retention efforts of a business lawyer working with entrepreneurs will likely yield a higher return on investment (ROI). Therefore, they should allocate more spending to retention. However, criminal defense lawyers might find that their ROI is higher when funds are spent to acquire new clients. While marketing budgets need to be strategic and measurable, they shouldn't be set in stone and should be modified based on what works and what doesn't.



04

Marketing Budget Relative to Customer Lifetime Value

To define your marketing budget, you'll need to establish what your average client lifetime value is, meaning whether the client will bring in a one-time lump sum or whether they will continue to retain your firm for legal services. However, the exact number will vary greatly depending on what type of law you practice. For example, a family law attorney may represent a party in a divorce case that eventually leads to a child custody case. You should also consider any future referrals from the client.

Once you gain some insight into your average client's lifetime value, you must determine how much you're willing to pay to acquire a new client – this is your cost per acquisition. If your firm is already established as a top legal services provider in your area, you might already know your target cost per lead. Since the legal market is so competitive, it's important to remember that the more value a client brings in, the more marketing you will need to do to outrank your competitors who are also targeting that same type of high-value client.

Here's an example of what a one-time, high-value client can do

A personal injury lawyer collects a 33% fee on each case, and they represent a client whose settlement award might be anywhere from $40,000 to $250,000 or more. The client's value for that specific case would fall somewhere between $12,000 and $75,000 plus. By acquiring just this one high-value lead, the attorney could cover their marketing costs for six months up to several years.



05

The Sales Funnel and How Spend Plays into Each Stage

Before you determine a dollar figure for marketing initiatives, it's crucial to outline and understand your sales funnel. A sales funnel is the path a prospective client (lead) takes before retaining an attorney. The typical law firm sales funnel is usually composed of several stages.



1 Consideration

The consideration stage is the funnel segment where people recognize their need to retain a lawyer's services soon but aren't ready to commit just yet. Instead, they are actively scoping out the market and evaluating their options. The overall goal for marketing to those in the consideration phase is to create a closer touchpoint to encourage them to engage with your firm. To accomplish this, use targeted pay-per-click or relevant blog content to direct those in this phase to your website. Although these prospects aren't quite ready to request your services yet, you should devote between 20-50% of your marketing budget to those in the consideration phase.



2 Awareness

Without brand awareness, legal consumers won't know that your firm exists. To create brand awareness, you must ensure that leads are aware of your services. At the minimum, this stage requires you to be present wherever they go to find a lawyer. Since an estimated 70% of clients go online to search for a lawyer, you should be investing in SEO for your website. Improving your overall search rankings will uncover numerous ways for leads to discover your firm, check out your website, and eventually schedule a consultation.

When budgeting for this stage, consider the level of awareness your firm is currently generating. For example, try Googling some queries related to looking for a lawyer – if your website pops up, you're likely on the right track and your budget is adequate. Another way to determine budget allocation is to check your website traffic (the number of visitors to your website.) If you're not getting consistent traffic each month, consider investing more into paid search ads or other SEO initiatives.

3 Interest

Now that your target is aware of your firm, it's time to capture their interest. A pop-up or landing page can serve as a hook for potential clients and piques their interest in your firm's offerings. Using stories to relate to leads at this stage is an excellent way to build trust and form a relationship with your leads. Tell them about you and your firm and why you are well-suited to help them with their legal issue. Whether you write the copy or hire a freelancer to draft it, the words and overall story need to serve as a hook to draw users in so that they will move into the decision stage.

4 Decision

At this stage, you need to encourage your leads to seek more information or work with you. To accomplish this, you must explain how they will benefit from your services. Showcasing client testimonials on your website, landing pages, and retargeting ads is one of the most effective ways to encourage a lead to decide to work with you. In addition, when allocating funds to the decision stage, it's essential to know as much about the client journey as possible.





5 Action

At the action stage, a potential client might submit their contact information on a form on your website, schedule a consultation, subscribe to your email newsletter, or get their initial questions answered via a chatbot. Click-through rates (CTRs) can be measured to determine which marketing actions are converting into leads – a conversion means a potential client has completed an action on your website to become a lead. Factors like your area of practice and market competitiveness will determine how quickly your website visitors will convert to leads. For example, if your leads have many lawyers with engaging websites to choose from, it will likely be more challenging for you to convert them. Allocating spend in your marketing budget for lead generation services is one way to optimize this funnel stage.

06

Areas of Spend to Consider

To boost the chances of connecting with as many leads as possible, it's best to diversify your marketing activities and budget in various areas. Here are some popular options:



Digital Advertising

Paid advertising is the use of digital content and advertisements to drive results. In relation to digital advertising, most paid advertising is Pay-Per-Click, (PPC). Firms should also advertise on social media platforms that potential clients frequent. Depending on the practice area, your paid advertising could fall anywhere from $10,000 to $50,000 per month. While this might seem high, you get what you pay for, and investing too little can lead to campaigns that produce few reliable leads.

Search Engine Optimization

Search engine optimization (SEO) is optimizing content for search engine results pages (SERP). The right SEO expert can assist law firms with:

- Improving search engine results
- Appearing in more organic and local searches
- Developing a keyword strategy for content marketing
- Optimizing pages and links for maximum performance
- Interpreting SEO reporting and analytics

The cost of SEO for lawyers depends on the market – more competitive markets require a more significant investment.

Networking/events

While events and networking are an essential piece of the marketing puzzle, they can be flexible based on a particular firm's size, budget, and reach. However, virtual events are another option for law firms who want to host an event and broaden their reach. Since the cost of virtual events can vary greatly, firms should consider the following expenses when planning to host or network.

- Marketing costs for the event (printed and digital)
- Travel accommodations
- Technology services (video hosting, production, etc.)
- Rental or venue space
- Attendee needs and offerings
- Speaking fees
- Post-event engagement and follow-up

While some large firms devote hundreds of thousands of dollars to professional events, others choose to rely on organic networking methods to generate leads.

Web Development

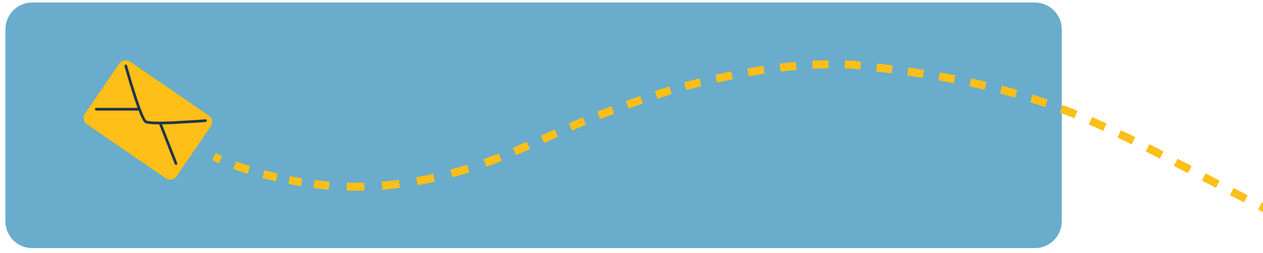
It will be incredibly difficult to grow, scale, and leverage other marketing methods without a professional website. As a result, website development is a primary area of investment for law firms. The average cost of a professionally designed WordPress website for a small to mid-size firm typically ranges from $7,500 to $25,000. However, website development can become more expensive when including tasks related to legacy systems, migrations, and domain consolidations. Although these extra steps may add another $1,000 or more to the total bill, the benefits can be numerous.

Email Marketing

Law firms do email marketing for two reasons: nurturing and sales. While it is critical to foster current client relationships, lawyers must also generate new business through effective sales tactics. Email marketing professionals can help firms with tasks like:

- Copywriting
- Performing A/B testing
- Optimizing delivery times
- Audience segmentation

According to the ABA, 41% of law firms dedicate most of their marketing budgets to email. A yearly email marketing budget enables law firms to develop updated content and regularly assess email performance metrics.

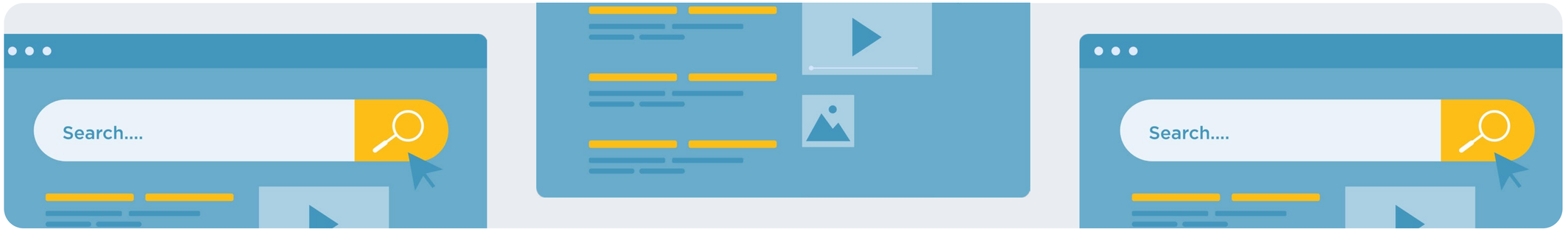


Online Directories

There are four reasons why promoting in online directories can be beneficial for law firms:

- **Visibility.** When prospects search Google for lawyers, they might see three paid ads, three or four map listings, and a list of organic results. If they skip the ads and the map listings – how many potential clients search – they will likely click on a directory listing. Directories make up about one-third of organic results and often appear at the top of search rankings.
- **SEO.** To get top search rankings, Google wants your website to have authority, and one of the best ways to gain authority is to have credible sites link back to your website. Thus, inserting links to your website in credible online directories helps your website rank higher and get better local SEO results. Some online directories don't charge for links; however, most large directories offer links to your website as part of their premium listing service.
- **Reviews.** Online directories typically let your clients post reviews. While positive reviews will usually drive more potential clients browsing the directory to contact you, negative reviews can hurt you. Reputation management can help your firm boost positive feedback and handle negative online feedback.
- **Prospects like directories.** Potential legal clients find it easier to have relevant information sorted for them rather than going through Google search results one by one. Therefore, if they see your sponsored listing, chances are they will click on it, visit your website, and contact your office.

Consider allocating a portion of your marketing budget for testing out directories and stick to the ones that deliver the best results.



Content

Content marketing sets the stage for other marketing campaigns. Activities like email, paid advertising, and social media depend on the creation of strong content such as:

- SEO-optimized blog posts
- Long-form content (eBooks and whitepapers)
- Infographics
- Reports
- Landing pages
- Social media captions



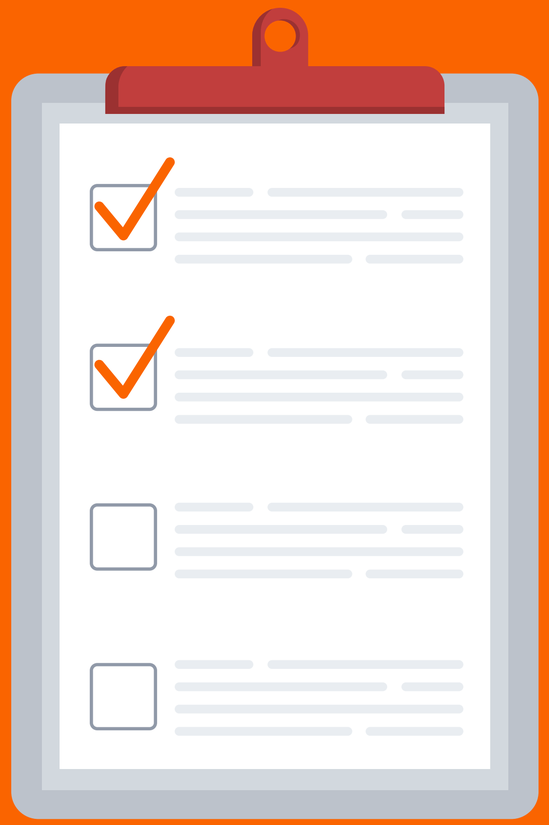
Content creation should be an ongoing mission. Effective content moves a potential client from awareness to consideration to conversion. According to the National Law Review, the average law firm spends between $2,000-10,000 monthly on content marketing.

Social Media Marketing

Social media marketing involves the creation of content for social platforms including Facebook, Instagram, and YouTube. However, before putting all its resources into any one platform, a firm should find out which one is most relevant to its target market or audience. Social media marketing has proven effective - data shows that 71% of attorneys retained clients through social media in the past decade. Budgeting for social media marketing depends on whether a law firm pays for profile management or invests in digital ads. However, costs may range from $1,000-$2,000 monthly for social media marketing packages.

Your Time

Time is money, and therefore time should be included in the marketing budget. While the numbers will vary, one legal marketing consultant recommends spending at least four hours on marketing activities every week if you want to grow your practice by 15-20% in 12 to 18 months.



07

How to Track Marketing Performance

Marketing analytics and metrics can help law firms link marketing efforts to business development performance. However, collecting the necessary data to accurately assess marketing performance can be challenging, requiring a set of vital performance indicators and the proper tools to measure them.

Any law firm's marketing plan needs to include well-defined strategic, financial, and tactical objectives To produce measurable results:

- **Strategic Goals:** Big-picture achievements like greater exposure or influence in the market, increased market share, and differentiation from the competition.
- **Financial Goals:** Economic outcomes such as higher revenue, case and client volume, and increased value.
- **Tactical Goals:** Specific activities like SEO, organizational involvement, networking opportunities, and acquiring new business.

Consider these defined goals as you determine whether you are hitting your marketing targets.

When tracking marketing performance, law firms should ask themselves the following questions:

1. **How well is our strategy performing against our strategic and financial goals?**
2. **Are we getting the kind of new business we are chasing?**
3. **How well are our tactics performing against your tactical goals and objectives?**
4. **What is worth the time and effort?**
5. **What is a waste of resources?**

08

Measuring Outcomes

Analytics and metrics measure how well your activities support your business development efforts. Despite their technical terms, most of these calculations are provided by analytics software, and the definitions of the measurements are relatively easy to understand. Unfortunately, many small to mid-sized law firms do not have the tools to collect information about digital activities, much less use the information to make superior decisions.

Measuring marketing performance consistently - monthly, quarterly, or semi-annually – increases accountability and allows for timely plan changes. Firms can consult with their web developer, hire an external agency, or implement analytics software and train an existing employee to collect and interpret the data. Do what makes sense for your firm - even the most basic system can dramatically improve results.





1 Analytics

Marketing analytics measures the performance of digital or traditional relationship-building activities. Many readily available tools exist to help firms capture the necessary data. For example, Client Relationship Management (CRM) software is useful for relationship building or networking activities and can also capture much of the data needed to assess effectiveness.

Data for digital measures like website visitors, SEO, social media, blogging, and newsletter performance can be amassed with tools like Google Analytics or SEMrush, or marketing and web development software like Hubspot or WordPress. In addition, there are many CRM, tracking, and marketing applications to suit the preferences of nearly every law firm. It doesn't matter which tool is used, if the right data are collected and properly communicated through reports, dashboards, notifications, etc.

2 Metrics

While analytics focus on activity performance, metrics tend to concentrate on business development performance (financial results), specifically the cost and the effectiveness of the implemented marketing strategy. In addition, data for these measurements are usually easier to obtain than for tactical analytics, as they can be gathered mainly from the billing or accounting system used by the law firm.

Take your marketing budget further by tracking performances with Lawmatics

Lawmatics law firm marketing automation software helps you boost client acquisition, client engagement, and efficiency in your business – simultaneously. Request your product demo today.

(800) 883-1105

mail@lawmatics.com

lawmatics.com

Lawmatics