

## THE STATE OF LEGAL MARKETING IN LATIN AMERICA

Junior Research Worker Elina ZABOLOTNA  
Bukovyna State Finance Academy, Chernivtsy, Ukraine

### **Abstract:**

*Legal marketing has unquestionably become an international phenomenon. While some argue that 'marketing' has always existed, defining it as a combination of actions which have to be executed prior to the undertaking of selling activities, the last 30 years have seen the purposive and organized advent of deliberate legal marketing activity. Distinct changes in the global political, economic, social, and technological environment, such as deregulation, increasing client expectations, and new information technology have resulted in a significantly changed, increasingly competitive marketplace that forces law firms to compete in new ways. Traditional conduct and approach no longer guarantees success and survival. Adopting a strong client orientation and being aware of the competition becomes fundamental to the success of the firm. Hence the idea of actively marketing a law firm's practice has started to spread widely throughout the world despite many attorneys' acknowledged aversion towards marketing.*

**Key words:** legal marketing, Latin America, firm, competition

### **1. INTRODUCTION**

Legal marketing in the largest economies in Latin America ranges from just emerging to relatively sophisticated. Due to each country's unique cultural and ethnic background, stage of economic development, regulatory restrictions, and competitive situation, law firms approach marketing with different urgencies and apply different instruments. Rolling out legal marketing in offices throughout the region in a cookie-cutter "Latin American-style" is likely to be a mistake. Despite findings that might appear relatively similar at first glance, the foreign lawyer and marketer should be aware that effective instruments in one country might be detrimental - or forbidden - in another one, instruments deemed acceptable and effective in one may face rejection by lawyers and clients in another. Due to the relative newness of legal marketing, formal, coordinated strategic marketing activity is generally at an early stage and will likely change as the interest for legal marketing grows in the region. Almost a third of the largest firms in the respective markets do not yet employ a full-time marketer. Where they exist, marketing departments tend to be very small with tight budgets and marketers generally have little decisionmaking power. Networking among legal marketers has just begun, with newly created online and offline groups in Brazil, Peru, and Chile. Despite the shared language, the amount of legal marketing content generated in the Spanish-speaking part of Latin America region is smaller than the Brazilian content in Portuguese. On the positive side, the survey found that lawyers typically deem marketing as "important" or even "very important" for their firm and just over half of the firms have strategic marketing plans. Like other jurisdictions that experienced the unfolding and establishment of marketing in the legal profession, it is likely that firms in Latin America will gradually move from the current focus on tactical communications and promotion activities by lawyers to more sophisticated, strategic activities carried out by seasoned marketing specialists in growing marketing departments.

### **2. THE STATE OF LEGAL MARKETING**

Marketers can help accelerate this process and earn their seat at the table by demonstrating that legal marketing is not a management fad that evolves only around enhancing a firm's visibility in the market, but a necessary focus on clients' needs that results in an improved competitiveness of the firm. Instead of solely quantifying marketing efforts, firms will also have to measure the qualitative effects of marketing, which will emphasize results, establish marketing credibility, and increase the probability of commitment from the lawyers. A number of respondents stated that local bar association rules forbid some marketing and promotional activities, which without any doubt

challenge the creativity of the lawyers and marketers. It has to be kept in mind, however, that none of the bar associations forbid or regulate the immensely powerful marketing tools of relationship development and word-of-mouth. Marketing needs to become an integral part of the professional culture of lawyers instead of being seen as an extra or optional task, for which lawyers will have to interrupt their normal work.

This research is based on a quantitative study which was carried out between June and August 2007 among leading law firms in the seven largest Latin American economies: Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Venezuela. Based on the 2006 figures from the International Monetary Fund ([www.imf.org](http://www.imf.org)), these countries combined amount to almost 91 percent of the total GDP at current prices in Latin America. Those participating in the survey comprise a sample of the leading corporate and M&A law firms in the respective national markets. The firms were identified in terms of size and reputation/recognition. In Brazil, law firms were selected from: *Análise Advocacia - Anuário os Mais Admirados do Direito 2006* (ranking of the 150 leading Brazilian law firms); *Valor Análise Setorial - Escritórios de Advocacia* (study of the Brazilian legal market by a major business newspaper); and *Latin Lawyer 250*. Firms in Argentina, Chile, Colombia, Mexico, Peru, and Venezuela were identified in the following directories: *Chambers and Partners*; *PLC "Which Lawyer?"*; *Latin Lawyer 250*; *Lexis-Nexis Martindale-Hubbell Lawyer Locator*; and *Migalhas Tour Jurídico* (a Brazilian legal news web site with information for Latin American and Caribbean countries). The research was conducted through a web-based survey - in Portuguese for Brazil and in Spanish for the other countries. A total of 86 firms responded to the survey out of 388 law firms that were selected and invited to participate, equaling a response rate of 22 percent. Brazil had the highest national response rate among all participating countries (40 percent) and represented 59 percent of all received responses, possibly showing a greater interest.

A third of the firms participating in the study have 50 or more lawyers, and slightly less than two thirds have between ten and 49 lawyers. While the trend in Latin America points towards increasing law firm size, firms still tend to be smaller than US firms. As a comparison, around 30 firms in the region have 100 or more lawyers.

In line with many firms not employing full-time marketers, 59 percent of respondents in the study are lawyers, with most of them being partners in their respective firms. Of the total respondents, 26 percent are partners and 28 percent are managing or senior partners. Other management positions account for 27 percent in the survey, of which 12 percent represent pure marketing or business development management positions.

While the findings of this study do not claim to be confidently projectable to the population of all Latin American law firms, they are likely to be representative of the *status quo* and highlight current developments among the leading law firms in Latin America that have started to embrace marketing and were willing to share their experiences.

Formal law firm marketing in Latin America is a relatively recent phenomenon. Most leading firms started about ten years ago, in the late 1990s. Some pioneering firms – few and far between – surprisingly stated that their firms began to market their services in the 1960s and 70s, a testimony to the fact that some lawyers accept the concept that marketing, formal or not, is an integral part of the business of a law firm. Because the number of participants from countries other than Brazil is less than ten in each case, country-specific findings should be considered directional and suggestive – definitely not conclusive.

Venezuelan and Peruvian lawyers appeared particularly dedicated, as all responding firms in the study from these countries rated marketing as either "very important" or "important". This, however, might not necessarily translate into active participation by lawyers in marketing activities, as some respondents pointed out that while lawyers should be the main force behind most marketing actions, they often cite a lack of time preventing them from translating intentions into practice.

Marketing departments in Latin American law firms are "generalist" and typically include communications, public relations, and business development activities. Compared to marketing departments in firms in the US they are rather small: 24 percent have one full-time marketer, 20

percent have two-person departments, and while 28 percent of firms in the survey stated to have three or more full-time marketing staff, near one third of the respondents (29 percent) do not have a single full-time marketer. The two largest economies in the region, Brazil and Mexico, appear to typically have the largest marketing departments, with often four or more full-time staff members. Legal marketers in Colombia and Chile are most likely to work in one or two-person departments, whereas half of the Venezuelan law firms have one or two marketers. Law firms in Argentina and Peru were the least likely to have a full-time marketer, and typically put lawyers in charge of marketing.

### **3. PLANNING AND BUDGETING**

Latin American firms tend to engage in marketing planning, with 56 percent stating that they have a strategic marketing plan. Mexican, Colombian, and Chilean firms are rather likely to plan strategically, while Argentinean and Peruvian firms generally appear to prefer a more *ad hoc* approach to marketing. Firms in Brazil and Venezuela show no clear preference. A marketing plan without an associated budget makes little sense, but interestingly, more firms budget their marketing expenses than maintain a strategic plan. Almost 62 percent of the responding firms in Latin America stated they have a budget dedicated to marketing activities, but, of the total number of responding firms who have a budget, 21 percent do not have an associated marketing plan. On the other hand, of the total number of responding firms that have a marketing plan, 15 percent carry it on without a budget.

Law firms in Peru, Colombia, and Chile appear to frequently have a marketing budget. Mexican and Brazilian firms had a slight preference for budgeting, while firms in Venezuela and Argentina were ambivalent regarding their decision to determine marketing spending in advance. Latin American law firms spend on average less than two percent of the firm's annual revenue on marketing, excluding personnel costs and marketing-related lawyer travel expenses. Depending on what items one includes in "marketing", this percentage is somewhat less than marketing spending found by studies in other markets, such as the US. Interestingly, about a third of the responding firms from Mexico and Peru and a quarter of the Venezuelan firms stated they spend over 4 percent of their annual revenues on marketing activities.

### **DECISION MAKING**

Marketing decision-making is still very much in lawyers' hands. By and large, marketers do not appear to have yet earned their "seat at the table", as have many Chief Marketing Officers (CMOs) in firms in the US. The managing or senior partner typically makes the decisions regarding the firm's marketing plan and budget (60 percent). Less often, the marketing partner (15 percent), a marketing committee (12 percent), or the marketing manager (3 percent) has decision-making power. Marketing partners appear important deciders in Peru, Mexico, and Brazil, marketing committees frequently decide in Venezuela and Brazil, and only in Venezuelan firms are marketing managers more frequently in charge of deciding marketing issues.

### **TRACKING TIME**

An important, albeit not sufficient prerequisite for successful marketing activities is the quantification of efforts. An encouraging 53 percent of responding firms in Latin America keep track of their time spent on marketing and business development activities. Findings suggest some regional differences. Firms based in Colombia, Chile, Argentina, and Venezuela are rather likely to keep track of lawyers' time spent on marketing. Mexican and Brazilian law firms do not show a prevailing trend in regards to tracking time for marketing, while Peruvian lawyers are the least likely to track.

### **APPRAISAL AND COMPENSATION**

More than half of the responding firms in Latin America (58 percent) take the time spent on marketing into account for lawyers' appraisals and compensation. Such incentives are critical to ensure the active and successful involvement of lawyers in marketing activities. Venezuelan and Colombian lawyers are most likely to be appraised by and compensated for their marketing efforts, followed by firms in Mexico, Brazil, and Chile. Argentinean and Peruvian law firms do not show a clear trend in regards to appraising and compensating lawyers for their time spent on marketing.

### **MEASURING EFFECTIVENESS**

Despite the rather widespread practice of quantifying marketing efforts, the survey found that law firms in Latin America typically do not measure the other – arguably more important – prerequisite of marketing: the effectiveness of their marketing activities. Only 33 percent of respondents reported that they measure the effectiveness of their marketing activities.

While measuring marketing in terms of activity is generally a useful first step, the evolution of marketing from a tactical activity to a strategic process demands proof of effectiveness. Comments from the participants in the study, however, suggest a lack of sensitivity to this issue. Marketing still appears to be perceived mostly as a cost due to the type of marketing activities used (e.g. promotions). It will likely take some time before marketing evolves to a more strategic activity that will be seen as an investment rather than a cost. Most likely to measure effects are Chilean firms (44 percent), followed by firms in Brazil, Argentina, Colombia, Mexico, and Venezuela. No Peruvian firm in the study stated that they measure the effectiveness of marketing.

## **4. CONCLUSIONS**

A somewhat different picture presents itself when asking the firms about the most effective legal marketing instruments in their respective country/market. The firm's web site is cited as the most effective tool by two thirds of the respondents, followed by newsletters (59 percent), firm events (48 percent), and media relations/public relations (47 percent). While currently only used by some firms, technology tools seem to have potential in the near future as they appear to be held in higher esteem compared to their current use. Around 29 percent rated customer relationship management (CRM) and 8 percent rated blogs as effective. Print tools, on the other hand, appear to be commonly used, even though deemed as relatively less effective. Almost 27 percent believe in the effectiveness of brochures, 26 percent in directory listings, and 14 percent in law firm advertisements. While not – yet? – commonly used, the survey suggests that Latin American law firms believe marketing research/competitive intelligence, client satisfaction surveys, and marketing/sales training of lawyers can be effective marketing tools.

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