

A SURVEY OF AMLAW 200

# BRANDING law firms

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# BRANDING

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## Table of Contents

Executive Summary	1
Quick View of Key Results	3
Who's Branding	4
What is a Brand	6
Brand Obstacles and Tests	8
Communication the Brand	10
Brand Spending and Measuring	13
Who Are the AmLaw 200	16
Conducting the Survey	16
American Lawyer Media	17
Extreme Marketing	17

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And  
the  
survey  
says...

# BRANDING:

A Bonafide Business Strategy For Law Firms

## Executive Summary

America's largest law firms are branding or preparing to begin brand development efforts, according to the results of the American Lawyer Media/Extreme Marketing **Branding Survey**, which identifies branding trends among the AmLaw 200 firms.

While the study clearly shows that brand development is entering the mainstream of the law firm world, there remains a great deal of work to be done. For example, within the AmLaw 200 there continues to be great confusion about what a brand is and how best to measure the effectiveness of having a brand.

The study suggests that confusion exists about "brand development" versus "branding." Where brand development is the process of establishing a firm's position, branding relates to the communication of that position. Many law firms are branding, as defined by communicating their wares. Yet, judging by some of the "positions" currently espoused by AmLaw 200 firms, many of these firms have yet to truly establish a unique and distinctive position through brand development.

Given the relatively new phenomenon of applying brand development principles to the legal services industry, a modicum of confusion is to be expected. It is more likely that this confusion will resolve itself in due course as branding efforts mature to become a more standard aspect of law firms' strategic approach to positioning and marketing.

The study also responds generally to the question of why law firms are interested in brand development and branding at all. With increased portability of practices, more competitive bidding processes for legal work and rising cost pressures within law firms, there is a greater focus and need for creating a "distinction" for a law firm to make it stand out from competitors and position it for profitable legal work.

Interestingly, an overwhelming majority of law firms are already using print advertising (87%) to communicate firm messages. According to the survey, public relations was the next most-used approach to communicate (82%) externally.

The American Lawyer Media/Extreme Marketing study also finds that most firms still evaluate the effectiveness of their brand through anecdotal feedback. Sophisticated firms would be wise to rely more heavily on quantitative measures. We believe this will come as firms develop a savvier understanding of how brands add value to the firm, allow for premium billing, as well as aid in the attraction and retention of clients. Overall, branding appears to have a firm foothold with great promise for evolving into a key tool of the modern law firm.

## Quick View of Key Results

Some of the survey's key results show that, of AmLaw 200 firms:

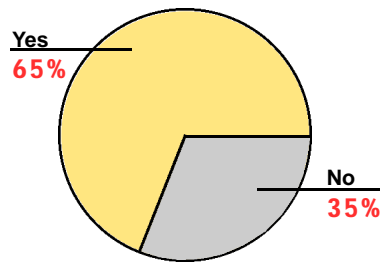
- **77%** are either engaged in a branding initiative or planning to develop one
- **62%** undertake brand concept testing of their brands
- **66%** have developed positioning lines to communicate their brand
- **43%** said that "partner buy-in" is the #1 obstacle to initiating a brand program
- **79%** have engaged in formal brand internalization efforts
- **88%** have engaged in brand externalization efforts
- **87%** are using print advertising to communicate their brand
- **28%** are spending \$1 million or more annually for their branding programs
- **21%** are spending between \$250,000 and \$500,000 annually for their branding programs

## Who's Branding?

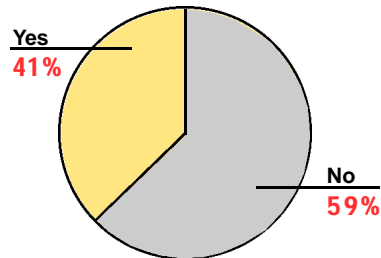
Seventy-seven (77%) percent of responding firms said they were either "currently engaged" in a branding initiative or "in the process" of developing one. This is important because brand development is a new concept that is marked with obstacles to overcome within a law firm.

That 77% of respondents are engaged in branding speaks to the value of the process.

### Q Is your firm currently engaged in a branding initiative?



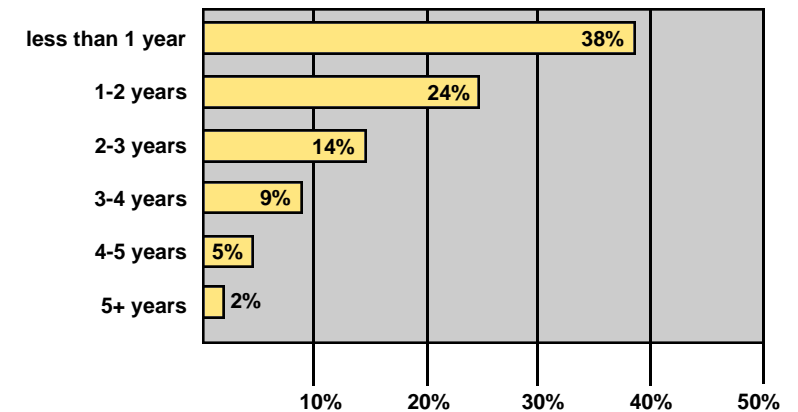
### Q If no, are you in the process of developing a branding initiative?



Clearly the high level of interest in and adoption of branding is likely related to the tremendous increase in competitiveness within the industry. Additionally, the more sophisticated law firms are using a fuller scope of marketing tools than in prior years – from advanced tactics such as sales teams to the traditional activities like public relations.

An equal number of respondents (38%) have been involved in their branding initiative for 1-3 years or, 1 year or less. Only 2% of respondents report that their brand initiative has been active for five years or more. These responses illustrate the novelty of brand development within the legal industry.

### Q How long has your firm been engaged in its branding program?



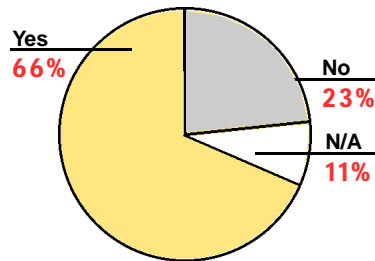
## What is a Brand?

For all the confusion, a brand is simply a “claim of distinction” – which differentiates one law firm from another. It can be based on product lines, service attributes or any of a number of characteristics.

For law firms engaged in a brand effort, one of the most telling aspects of the work is the positioning line. Of the survey respondents, 66% indicated that they have positioning lines to define their brand of law firm.

Positioning lines are not “brands.” Instead, they are designed to communicate a firm’s brand position in a short statement. Typically, a firm’s brand is based on one or more “proof points” or distinctions that the firm has identified about itself. For professional services firms, these distinctions are most effectively communicated with positioning lines.

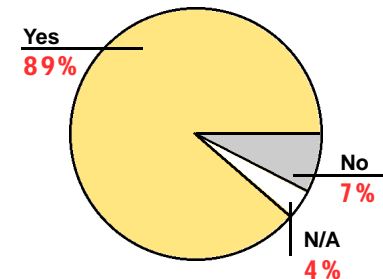
### Q Does your firm have a positioning line?



Of the AmLaw 200, at least 50 law firms have adopted positioning lines. These include lines such as Fenwick & West’s “*Lawyers who get IT*” and Kirkpatrick & Lockhart’s “*Challenge us.*” However, a survey of AmLaw positioning lines shows that some firms have more work to do, in terms of developing a unique and distinctive position statement. The litmus test is this: Does the positioning line clearly communicate the law firm’s brand of lawyering?

Without a positioning line, it is hard if not impossible to determine what a particular law firm defines as its distinction. Design or a logo alone rarely have the ability to communicate the depth of a law firm’s distinction. This said, 89% of law firms with a brand initiative report that they have created new visual images (new design and/or a logo) as part of their brand process.

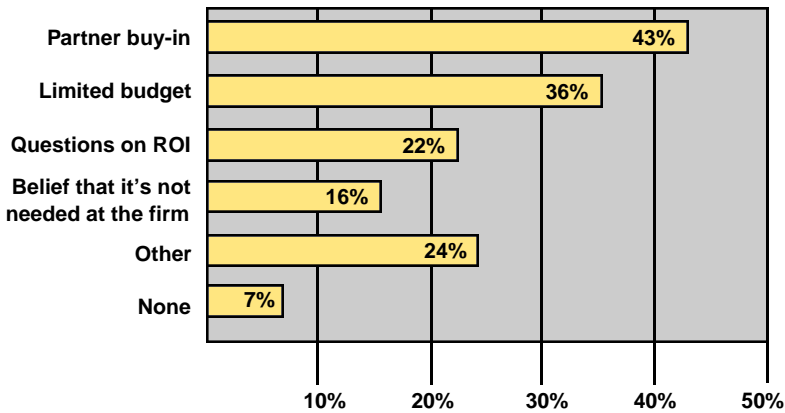
### Q Did you create a new visual image to communicate the brand?



## Brand Obstacles and Tests

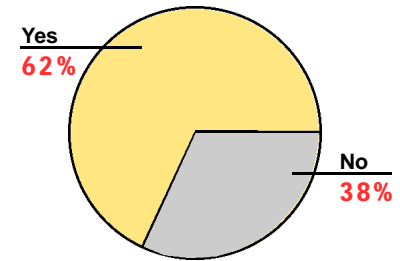
Of the firms involved in branding, only 7% reported that there were no obstacles to the initiative. Most of the reporting firms noted some sort of obstacle to overcome:

**Q** What is the largest obstacle you have faced in launching your branding program?

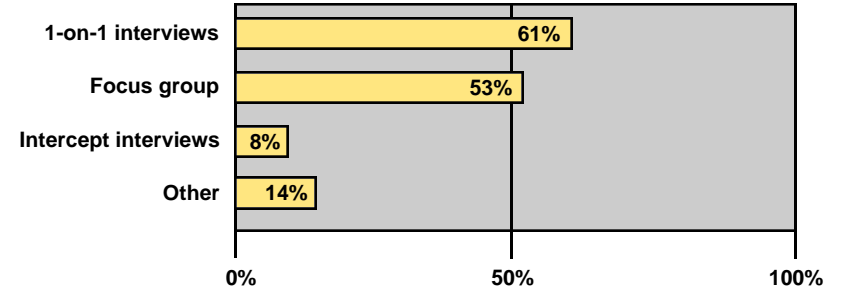


These reported obstacles represent relatively normal challenges in the brand process. For example, issues of “partner buy-in” and “limited budget” typically relate to educating lawyers and other decision-makers about what brands are and what they can do for a firm. Similarly, when lawyers ask “questions about return on investment,” they are raising key strategic issues and thinking about brand outcomes in the most important sense. In contrast, when firms focus on tactical outcomes such as developing a new logo, they are missing the forest for the trees.

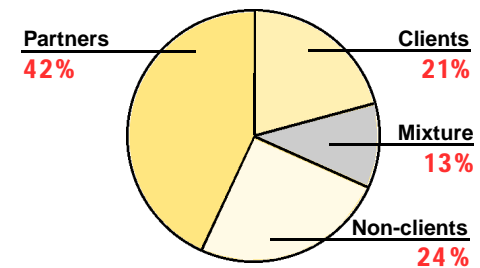
**Q** Did the firm undertake brand concept testing prior to roll-out?



A majority of firms (62%) involved in branding also employed brand testing with one-on-one interviews (61%), focus groups (53%) and other methodologies (14%), while a small portion (8%) conducted in-person interviews with randomly selected subjects (intercept interviews).



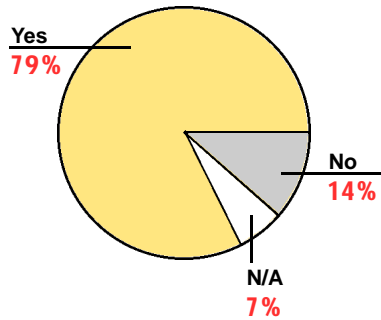
In these test groups, firms talked most often with partners (42%), clients (21%) and non-clients (24%). Brand testing can be one of the best ways of determining whether a positioning line is effectively communicating a firm’s distinction – before the firm takes its brand of lawyering to the marketplace.



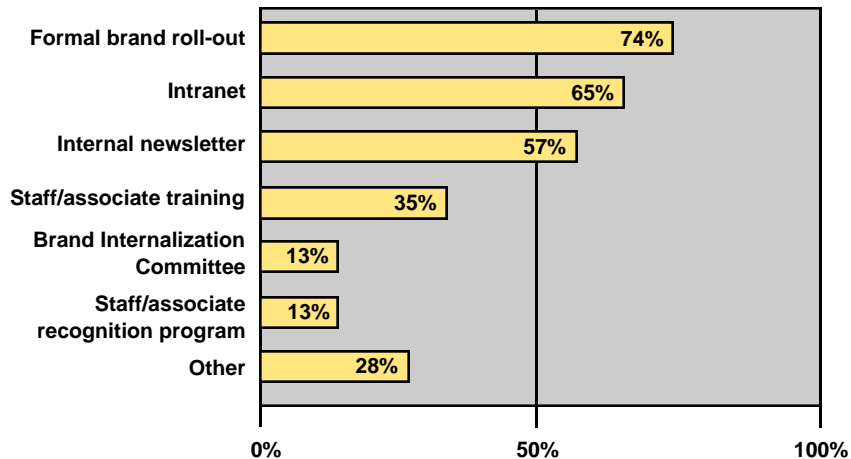
## Communicating the Brand

A brand is distinguished from an advertising slogan or a firm message because it is formally internalized within the firm and *then* communicated to the external marketplace (however a firm defines that marketplace).

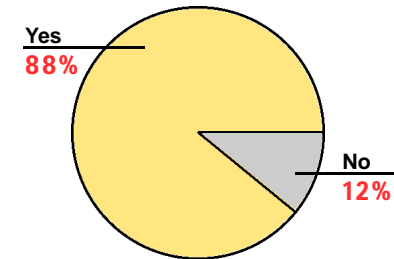
**Q** Is the brand being **internalized** at the firm?



**Q** Which of the following are you using to internalize your brand?

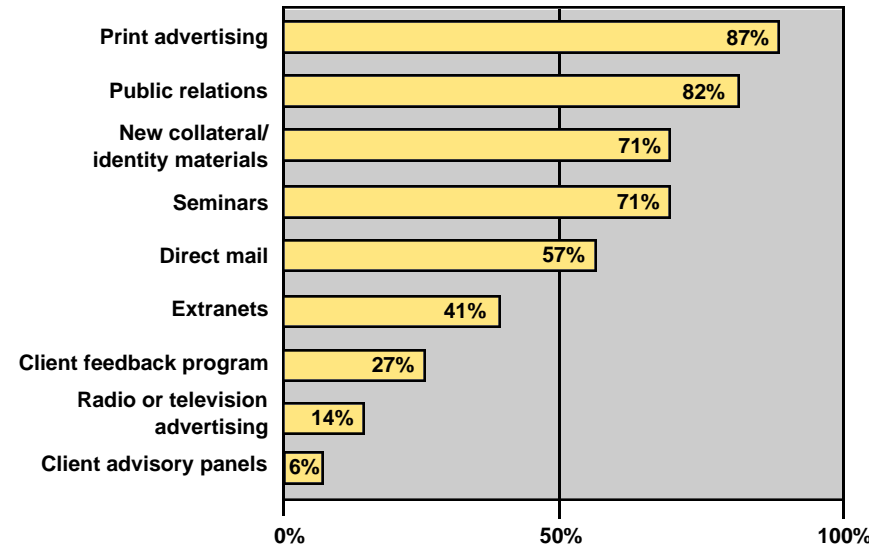


**Q** Is the brand being **externalized** by the firm?

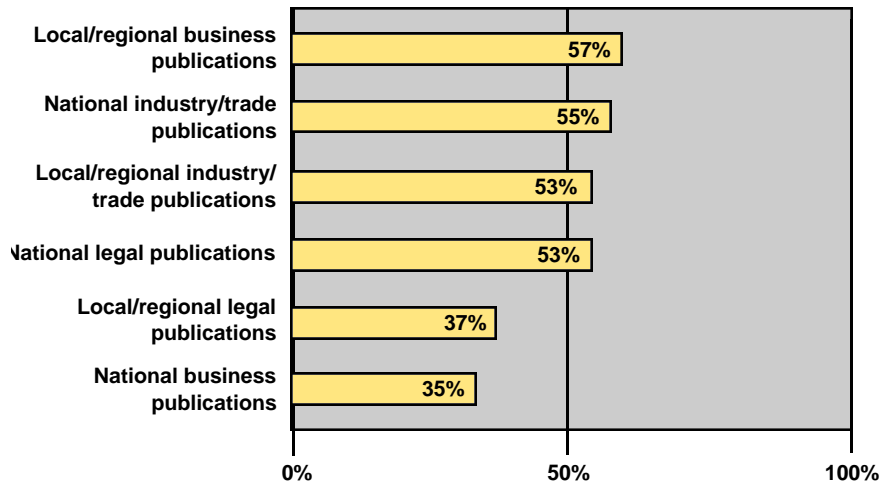


88% of respondents have externalized their brands through print advertising (87%), public relations (82%), developing new identity and collateral materials (71%), seminars (71%), direct mail programs (57%), extranets (41%) and client feedback programs (27%).

**Q** Which of the following are you using to externalize your brand?



For firms that advertised, they bought space in:



It is interesting to note that a higher number of respondents reported that they are externalizing (88%) the brand versus internalizing (79%) it. This is noteworthy because, in nearly every instance, the long-term success of a brand effort relies more heavily on its internalization than on externalization.

For example, any firm can make a “claim of distinction.” However, if that claim is not supported by the actual actions of the firm, it becomes little more than advertising puffery. During an internalization process, all lawyers and staff in a firm come to understand what their brand, and thus their firm, stands for and what their brand means in practice – whether that be talking with clients, assisting them in a consistent way throughout the firm or working with one another as a team.

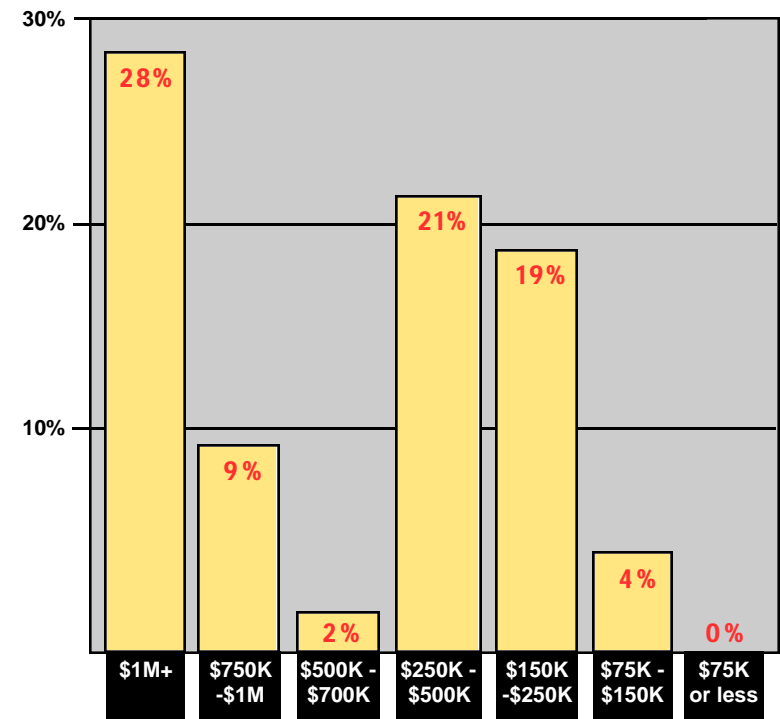
That just 35% of respondents say they are engaged in internal training is a poor showing. There is clearly an opportunity for law firms to become more sophisticated about what brand development can and should be doing to foster strong internal cultures. Again, if the brand infrastructure is not built internally and communicated through the words and actions of its people, a firm does not have a brand in the true sense but more likely has only developed an advertising claim.

## Brand Spending and Measuring

The largest numbers of respondents (28%) said they have spent \$1 million or more annually on their brand effort. In contrast, no respondent said they spent less than \$75,000 on a brand initiative.

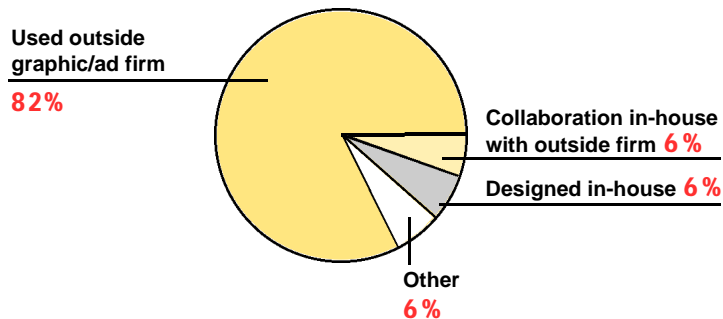
- 19% said they spend between \$150,000 and \$250,000
- 21% said they spend between \$250,000 and \$500,000
- 2% said they spend between \$500,000 and \$700,000
- 9% said they spend between \$750,000 and \$1 million

**Q** What is the approximate annual budget for your firm’s brand initiatives?



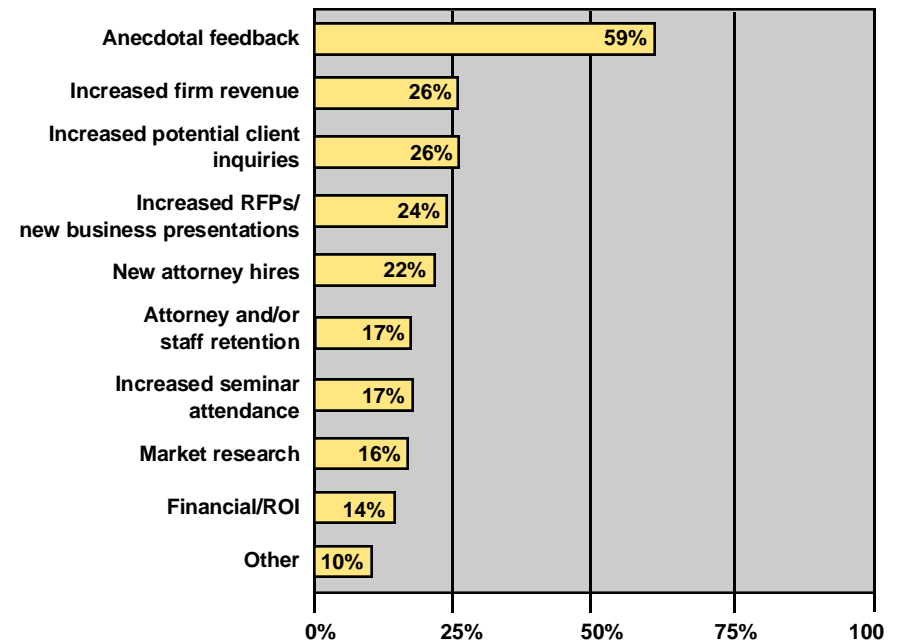
As compared to corporate spending on brands, these figures are extraordinarily low. However they do show a trend toward creating brand-specific financial expenditures, a balance sheet category unheard of even five years ago in the law firm environment. What these numbers do not explain is how brand spending is allocated among line items and whether these figures include some of the non-recurring charges for starting a brand program (such as hiring of outside consultants, creation of collateral material, logos, etc.) or are indicative of sustained brand spending. With a majority of firms (88%) reporting they used an outside design/graphic firm to create a new branded logo as a part of their initiative, it is likely that a fair amount of non-recurring expense was devoted to outsourcing for creative services, since the majority of respondents (62%) reported being engaged in their branding initiative for less than two years.

**Q Did you use an outside graphic/ad firm?**



Another area of some concern is how law firms reported their brand measurement criteria. Current reported methods for measuring the effectiveness of brand initiatives seem unsophisticated at best. For example 59% of respondents report that they currently measure the success of their brand through anecdotal feedback. While this type of information may create a good feeling within the firm, it is unlikely to support long-term commitment for the brand. Anecdotal feedback can and does support lawyer buy-in for brand efforts but it usually falls short when a formal, quantitative review comes to bear.

**Q How do you measure the effectiveness of your brand?**



More emphasis on benchmarking data – rather than qualitative, anecdotal feedback – would be a better and more systematic approach for brand measurement. For example, a law firm could benchmark against its own financial and client data as well as against that of competitors. In general, the more quantitative the measure, the more likely it will be to have credibility for the firm over the long term.

## Who Are the AmLaw 200?

The AmLaw 200 include the nation's 200 largest and highest grossing law firms. These firms include those with a low of 149 attorneys to a high of 2,721 lawyers, and annual gross revenues from a low of \$67 million to a high of \$1.2 billion. American Lawyer Media, LP updates the list annually in its July and August issues of *The American Lawyer*.

## Conducting the Survey/Methodology and Results

During late 2001 and early 2002, American Lawyer Media and Extreme Marketing conducted a written, mail survey with telephone follow-up of the largest 200 law firms in the United States. We asked firm marketing directors and managers about their brand development and branding efforts.

Out of 200 surveys, 76 responses were received resulting in a 38% response rate. The margin of error for the survey results is +/- 8% with a 95% confidence level.