

How to Budget for Law Firm Marketing



Why setting a marketing budget is important



Setting an annual budget and plan for your law firm's marketing activities provides a roadmap for growing your practice and helps ensure you're spending on the marketing activities that produce the most impact for your firm. Marketing activities can range from simple website updates and traditional print ads to digital marketing campaigns like PPC, social media, and even video and commercials.

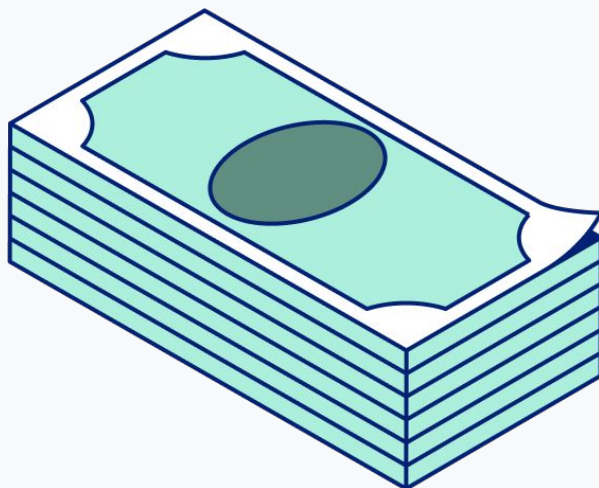
Despite the critical role marketing plays in helping law firms grow, not nearly enough law firms are putting marketing budgets in place. According to the ABA's [2021 Websites and Marketing Survey](#), only 55% of mid-sized firms (with 10-49 lawyers) have a budget, while 35% of small firms (with 2-9 lawyers) and 7% of solo practitioners have one. With the vast majority of practices being this size, an overwhelming amount of lawyers are going without a basic business tool. The lack of a marketing budget can have a profound impact on your practice.

If your law firm takes the time to create and follow an annual marketing budget, you'll be one step closer to setting yourself apart from the competition. In this eBook, we're breaking down everything that goes into crafting a marketing budget, giving you the tools to find the right spend mix and ensure you're measuring the impact of your dollars.

What your budget should get you

A marketing budget is not just planning how much you're going to spend — it's a contract with yourself or your partners on how your marketing activities are going to help your law firm achieve its key business goals. Some of these goals are similar year-to-year (hitting a revenue goal or retaining clients), while others may be substantially different (establishing your firm in a new area of law or a new geographic region).

Before setting your budget, you've got to do some strategizing. Strategy is what leads to revenue and your business goals. Individual marketing activities are the means to that end.



1. Set realistic marketing goals based on your firm's needs

Your marketing budget will contain a mix of top of funnel (TOFU) activities to help you build brand awareness and middle of funnel (MOFU) activities that engage prospective clients and help them consider your firm as an option.

In order to determine the overall number you're willing to spend on marketing this year, and before breaking it down line-by-line, we recommend using SMART goals to help with your strategizing. The SMART framework helps you develop your marketing goals by giving you a uniform criteria to help you gauge the potential effectiveness of each. It stands for:

Specific

Measurable

Achievable

Relevant

Time bound

Putting SMART goals to work for your budget

As you create your marketing plan and budget, be sure that you can answer the following questions about each goal and action you plan to take:

- **Is my goal specific enough?** It's hard to allocate a budget to "increase monthly website visitors," but it is possible to budget if you want to get "X number of new site visitors each month."
- **Is my goal measurable and do I have the tools to track it properly?** You need to be able to measure whether the goal has been achieved. Marketing analytics tools like [CallRail](#) can help you measure past performance and plan for the future better.
- **Is my goal achievable based on past performance?** Ground your goals in past performance rather than pie-in-the-sky targets.
- **Is my goal relevant to my firm?** If the core focus of your firm is providing bankruptcy legal services to individual debtors, does it make sense to have a goal for "attracting X number of workers' compensation case leads per month"?
- **Is my goal timely and time bound?** Goals aren't goals until they have a deadline, and it's hard to measure campaigns and other marketing activities if they're not operating within set time limits.

If you can keep these questions in mind as you build out your marketing budget, it will help you whittle down what can seem like an overwhelming number of possibilities to find what's best for your law firm.

2. Understand where your revenue comes from

Every law practice is guided by the same north star — revenue. There are different revenue goals: the first revenue number you want to hit is to keep your practice in the black. The second, bigger goal is what revenue number you need to hit to achieve your desired growth, thus enabling you to scale your business.

But you can't jump straight from a revenue goal to a marketing budget. First, lay out your topline revenue goals for the year. If you're in growth mode, you might want to aim for a 30-40% year-over-year revenue increase. Whatever your goals are, you can follow some simple formulas to help guide your planning.

Break down the numbers behind your revenue

The first number you'll need is the average revenue per case (or matter). To determine this, take last year's revenue divided by the total number of cases/matters that produced this revenue. The greater the level of detail you have about your revenue on a per-case basis, the easier it will be to target your marketing spend.

Once you know your revenue per case/matter, you can then calculate how many new cases you'll need to achieve your topline revenue growth. If you're a five-lawyer firm aiming for a 20% increase over last year's \$1,200,000 revenue, that means you've got to bring in another \$240,000 worth of business. Based on your average revenue per case (let's say it's \$4,000), you can assume you'll need 60 more cases in the coming year compared to last year ($\$240,000/\$4,000=60$).

From there, you can work backwards from the topline revenue down to individual marketing activities, such as call and website conversion rates.

- **Call conversion rates:** How many phone calls do you need to generate 60 more cases? A 25% conversion rate means you'll need 240 more prospective phone calls. You can always improve those rates by analyzing conversations and getting insights with [Call Tracking](#) and [Form Tracking](#).
- **Website conversion rate:** How many website visits do you need to generate 240 more calls? If your web visitor to phone call rate is 10%, you'll need to drive 2,400 new web visits. Improve that rate with insights in what campaigns are working with insights from [Call Tracking](#) and [Form Tracking](#).

Align your revenue to your law firm's strategic business goals

Having all of those target numbers and conversion rates is critical, but you also need to answer how your business expects to achieve that growth strategically. Having a clear-eyed view of your revenue goals and the business goals that will drive your growth in the coming fiscal year are crucial elements of creating an effective marketing budget.

3. Break your goals into achievable action items

You can use the SMART goals framework to help you analyze possible marketing activities that will help you deliver more new clients. Here's how to come up with the most effective action items for your goals and your audience.

Start with TOFU activities

Brand awareness typically represents the first experience your potential clients have with your law firm. You want to create branding that clearly communicates what your practice is, the legal services it offers, and where to find it. You always want to create TOFU advertising that is relevant to your audience's needs and instills trust in your brand.

A divorce attorney, for example, might want to find more clients. Given the high volume of people using search engines to source information, you might choose to create individual blog posts on your website dedicated to key areas of interest in the divorce space, like "Navigating child custody" or "How to prepare for divorce proceedings". Now, you can set out goals like new traffic, pageviews per session, and form fills to help guide that portion of your marketing strategy. Then, you can figure out how many posts per month, how much to allocate to this channel, and more that will determine your budget for this tactic.

Set the stage for conversions with MOFU activities

Once a potential client knows about you, they'll likely want to learn more about your services as they get closer to that crucial first call or form fill. Content marketing, including blogs, videos, client testimonials, and past case success stories are great ways to engage potential clients and bring them one step closer to converting to a paying client.

Measure everything to track progress

Measuring your offline TOFU and MOFU activity can be difficult, and putting your offline and online campaigns together to understand the overall effect of your marketing spend can be even tougher.

Call Tracking by CallRail ensures you always know which campaigns drove both online and offline leads—be it billboards, bus wraps, Google Ads, or a specific page on your website. This holistic view is crucial when analyzing the effectiveness of your marketing, and the information in Call Tracking can help you to plan which channels are the best fit for your company. This way you can determine where you want to reinvest your budget and where you'll pull back.

Form Tracking by CallRail adds in another layer of insight by allowing you to track forms alongside calls. This helps you better understand the journey your customer took from unknown prospect to a contact that has raised their hand to learn more from you.

Driving your marketing spend towards lead generation

Now that you know what brand and awareness activities you need, how do you build a digital marketing campaign that is within your budget and can help you meet your lead goal?

To keep track of where your leads are coming from if you have multiple campaigns, you can use [CallRail's Dynamic Number Insertion](#), a Call Tracking feature that lets you create a unique phone number for each online source/campaign. By tracking how many calls and leads each number is generating, it's simple to know exactly how your online advertising connects to your calls. Without this feature, you'll be missing a key component to track the successes — and challenges — of your marketing budget.

Let's take the example of a personal injury attorney who's trying to grow their business by gaining more workers' compensation cases. If they want to get 24 new workers' compensation cases this year, they'll need a manageable 2 new cases per month. This would be their SMART goal they are seeking to achieve. With a 20% conversion rate on phone calls to cases, the attorney needs to generate 10 phone call leads that month in order to sign up those 2 new cases. If their historical cost per lead is \$100, then the attorney needs to allocate \$1,000 that month in their budget to generate those leads. That \$1,000 may be best spent on Google Ads to show up for searches like "workers' comp lawyer Austin TX."

However, after each month, it's vital to analyze how many leads they actually received and how many of those leads turned into clients and cases. This allows for continuous measurement on the effectiveness of their lead gen activities.

How much should you spend for your law firm marketing budget?

There are no hard-and-fast guidelines, but generally if you spend a lot on marketing, you should expect a lot in return. If you spend a little on marketing, you should expect a little in return. Of course, if you're not spending your marketing budget on SMART goals and activities, it is very easy to spend a lot of money with very little return, but it's also possible to overperform with great marketing tactics.



Setting your first marketing budget

Marketing budgets will be different for each law firm depending on its unique goals and objectives. Generally speaking, if you're starting from scratch, consider that the average B2C (Business to Consumer) services marketing budget is 8.7% of revenue, while the National Law Review states that "it's good practice to allocate anywhere from 2% to 18% of gross revenue to marketing." The 2022 Law Firm Marketing Outlook by CallRail found that "on average, firms allocate 49% of their annual overhead budget toward marketing," so there's a great deal of variability.

As you get started, let gaps or weaknesses in your current program guide your planning. For example, if you search online for topics related to your specialty, does your firm show up in search results? If not, budget for SEO (search engine optimization) to improve search rankings — or even PPC (pay per click) to prioritize ads at the top of the search results. Perhaps your firm is getting leads but not closing them. Focus on activities that help close leads, such as customer testimonials for social proof, blog posts to build trust and authority, and remarketing campaigns that re-engage users who have already visited your site.

A bit of trial and error is necessary as you set out your marketing budget and campaigns. To maximize your marketing efforts, use reporting and analytics tools that give you insights into how your marketing spend is performing and the trends that are driving performance.

What can you spend your marketing budget on?

What you spend your marketing budget on depends first and foremost on the business goals you're trying to achieve in your practice. However, there are common marketing activities that you can choose from to help you create an effective marketing strategy.

1 Branding

Every time someone interacts with your law firm, whether online, through traditional advertising, or in person, it's an opportunity to tell your brand story and build trust in your firm. Make sure you have a strong brand identity — including a logo and other visual branding elements — that remains consistent across your entire marketing plan.

2 Traditional advertising

As critical as digital marketing is for law firms, traditional advertising still plays a big part in the overall budget. According to our [2022 Law Firm Marketing Outlook](#), 17% of the average budget goes to TV ads, 19% goes to print/billboard ads, and 14% goes to podcast/radio spots. Make sure you're able to track these touchpoints by using a tool like [Call Tracking by CallRail](#).

3 Local Service Ads

[Local Service Ads](#) are pay-per-lead (PPL) ads that show up at the top of Google search results (above both the pay-per-click ads and organic search results) and are now available to lawyers in select practice areas and geographic markets. These ads are becoming increasingly popular given their low cost, as you only pay when you receive a qualified lead.

4 Search Engine Marketing

Search Engine Marketing (SEM) uses paid ads like pay-per-click (PPC), Google Ads, and the Google Display Network to drive traffic to your website. These ads are a great way to explore new audiences and test out new messaging/creative. And with CallRail, you can connect paid search performance to lead conversions to further improve your ads and call scripts to [help reduce ad spend without sacrificing performance](#).

5 Lead generation

Marketing tactics that are expressly focused on turning prospects into leads are known as lead generation. From weekly emails that help encourage contacts to become paying clients to creating landing pages with strong calls-to-action, lead generation is a top priority for every law firm. If your lead conversion is underperforming, you can use a tool like [Conversation Intelligence](#) to analyze calls and pull out insights into what your prospects actually care about, which will help you create more relevant lead gen activities.

6 Website and Search Engine Optimization

Your website is your brand's home, and where your prospects come to learn more and convert to leads. Search Engine Optimization (SEO) is how you improve your search engine rankings to ensure more people go to your site—which is key since [57% of potential clients](#) use online search engines to find a lawyer. In the [2022 Marketing Outlook for Law Firms](#), CallRail found that firms prioritize websites and SEO by budgeting more than [4 out of every 10 marketing dollars](#) to these activities.

7 Social media

Social media has two components to it: paid and organic. If you know your audience and have a strong message to deliver, you can use targeted paid social campaigns on the various social platforms. But organic content can be just as effective, such as using Instagram Live to shoot a short video taking people's questions about the area of law you serve. Social media makes up 17% of the budget on average, [based on our survey](#) of over 500 law firm employees.

8 Content marketing

Content marketing can be simple (using your organic social media videos and turning the transcript into a blog post) or more involved (commissioning surveys and creating reports). It's good to have a mix of content types and topics to see which resonates with your audience, and then refine accordingly. [18% of law firms](#) say content marketing is a primary driver of leads for their practice.

9 Events

Your law firm is part of several communities, and it's important to get your name and face out there into the world at events for these communities. Whether it's Chamber of Commerce events in your local business community, hosting community workshops, or attending mixers and conferences, every event is an opportunity to market your law firm. On average, law firms [spend 16% of their marketing budgets](#) on networking events.

10 Reporting and measuring tools

As important as it is to budget for all your marketing activities, it's also important that you include budget for reporting and measurement tools. These tools are the only way you'll [uncover the insights you need to optimize your marketing budget](#). The [tools marketers use most](#) to track marketing spend ROI are analytics (58%), call tracking (47%), and form tracking (43%).

Key metrics such as cost per lead (CPL) can help you understand how efficiently you are spending for new leads. With CallRail's [Multi-Touch Cost per Lead Report](#), you can get a better view of which channels are helping drive leads, allowing you to intelligently fine-tune your budget and market more efficiently.

How to get the best return on your marketing investment

Marketing is part science, part art. A marketing budget is no different, but the right tools can help you shift the balance from the art of guessing to a more evidence-based science. The best ROI is only possible if you're able to effectively measure your marketing and understand how each dollar spent contributed to your ultimate goals of increasing revenue and generating more clients and cases.

By choosing [CallRail](#), which offers advanced insights into what keywords and campaigns are driving phone calls and form fills, your law firm will be better able to make evidence-driven decisions to improve your marketing spend. With these insights that give you a more holistic view of marketing performance, you can reduce your practice's exposure to risk and ensure you're driving the highest quality leads possible.



Plan your firm's marketing budget with confidence – with CallRail

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