

## **LEGAL MARKETING IN UKRAINE**

The role of marketing in providing the effective practice of a law firm (thereinafter – LF) permanently increases. The modern LF is an intellectual organization, the main resource and product of which are knowledge. Legal services of the LF are science-based and, in most cases, comprehensive. Simultaneously, the LF is an entrepreneurial organization aimed at gaining income (profit). Its activity assumes more and more characteristics of a real business. Therefore, marketing approaches and market orientation should be engaged in order to enhance the firm's activity.

Legal marketing is defined as: actions regarding application of marketing instruments, which are focused on meeting clients' needs, forming a market of legal services, and building optimal relationships with customers; craftsmanship of searching, persuasion, and retention of customers [1].

Legal marketing is marketing of interrelations. In contrast to transactional marketing, which is oriented towards a single agreement of purchase and sale, legal marketing is aimed at the durable interaction, close and frequent relationships with clients, and creation of value for them. Ideally, there should be not only economic relationships between the LF and customers, but also social ones based on personal favor, loyalty, and partnership. The very partner relationships ensure demanded high profitability and stable competitive advantages for the firms. Rivals may possess similar resources, but fail to make partner contacts with customers (consumers).

A concept of legal marketing is widespread in foreign countries. In 1985, the Legal Marketing Association was founded in the USA. American LFs, which are included in the top 100 list, spend for marketing about 9 mln USD per year. It should be noted that incomes of any of the world's ten largest LFs are at least three times as high as amounts of all the Ukrainian market of legal services (according to estimates of the agency "Ekspert-Reiting", the amount accounts for less than 400 mln USD) [2].

Marketing evolution in the legal field of Ukraine has gone through a set of phases.

The first one is *total rejection of marketing*. Nowadays, such an attitude is inherent to those LFs, which operate in markets for a long time and their staff consists of many experienced professionals. They certain about their awareness of the legal services market and do not need additional marketing efforts concerning promotion of their services.

The second phase is *inappropriate comprehension of a purpose of marketing*. From the point of view of the LFs, if a firm renders customers with qualitative services, there is no need to persuade them of quality and the value of the services.

The third phase is *perceiving necessity of marketing (non-systematic application)*. The LFs form staff, which obligations include determination of a target audience, positioning of a firm, advertising, web-designing, etc. In the meanwhile, partners directly perform the main functions of marketologists.

The fourth phase is *active application of marketing*. The most progressive LFs in Ukraine realize that customers need consultations based on strict understanding specificity of their business. The LFs create positions of marketologists, marketing managers, and deputy managers for marketing and development. The firms create departments of marketing and business development. Some LFs form departments of branches related to the GR-activity and compliance control. The international LFs engage regional marketologists. A need for division of powers between partners, lawyers, and marketologists arises.

The partners generate profit, are responsible for relationships with customers, and assume personal responsibility for results of the company's activity. The main functional obligations of the partner are as follows: engagement of new customers; development of a legal services business (namely, organizing new practices); training junior staff; performing administrative and managerial functions. At small national LFs, the partners also perform marketing functions.

The lawyers, who are employed as wageworkers and, commonly, are not eligible for retained earnings of LFs, carry out the main amount of legal services. An amount of wageworkers' functions at a legal firm depends on a class of their position. Nevertheless, a task of lawyers is not only accompaniment of the business activity, but also participation in making strategical decisions concerning further development of a company, its expansion into new markets and regions, and transition to new standards of management.

The marketologists perform the following functions: a) research of market conjuncture of legal services; b) establishment and maintenance of effective communications with customers and other stakeholders (rivals, a business audience, mass media); c) competitive analysis of the market; d) coaching of a legal service team in different issues of business and marketing; e) formation of proposals regarding a conception and applied measures concerned with development and budgeting a new business; f) formation of a positive image of a LF [3]. At the same time, the marketologists should interact with not only the partners, but also with each lawyer (specialist) of the firm.

At this phase, functions of the marketologists can be transferred to outsourcing external specialists. This choice depends on a size of the firm, its specialization, work experience in the legal services market, and the presence and efficiency of own marketing department. As a result, the legal services business acquires an ability of a rapid reaction to changes. Such a direction of development of LFs actively advances abroad. Nowadays, LFs employ not only marketologists, but also other staffs, who did not gain a higher education diploma in legal

sciences. For instance, in Great Britain, after 2007, persons without a higher education diploma in legal sciences were permitted to manage legal firms. John Flood, a professor of jurisprudence and sociology, a member of the Group for Strategic Developments of the Legal Services Board, thinks that employees of the legal services sector will be finally divided into two groups: professionals rendering only legal services; employees without a higher education diploma in legal sciences providing services for the business (e.g., marketologists) or directly manage a firm. Such differentiation will be definitely a novelty in the history of the legal services business and significantly influence a way of the activity of LFs and legal departments, creating not only opportunities for their development and enhancement, but also the ground for previously unknown conflicts [4].

At the fifth phase, *legal marketing became the separate business*. For example, a company Legal Marketing Solutions has been successfully working in Ukraine since 2009. It specializes in strategic consulting on issues of legal marketing and development of a legal services business, holding trainings and managerial sessions in legal marketing, human resources development, and formation of a LF's strategy in general. A legal firm "A2KAT" provides services in collection of information about rivals.

At the sixth phase, *there was formation of marketing law*. As a science and an academic discipline, it studies legal frameworks of different types of the marketing activity and an influence of law on marketing relationships. Gradually, marketing law becomes the independent legal practice. At the same time, there are new requirements for teaching professionals at higher educational institutions. It is easy to see that future lawyers should not only gain thorough legal and economic knowledge, but also comprehend necessity of implementation of the marketing conception in the field of legal servicing the business. University training of marketologists should be specialized in the legal field.

Further implementation of the legal marketing conception requires domestic LFs to encompass two directions of the marketing activity – strategical and operative ones. Each of them has own purpose and perform particular functions. Strategical legal marketing is aimed at selection of those legal practices and legal services markets, which are beneficial for a LF and processing strategies and programs of the activity in each of these markets. Operative legal marketing is referred to as the practice in application of the main marketing instruments, which enables to influence customers (to interest them in legal services, to induce them to conclude agreements, to transform them into loyal ones, etc.) in order to gain a determined amount of profit in certain target markets.

### **References:**

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