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More Than Just Lead Generation: The Power of Digital Marketing and Your Firm's ROI

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Digital marketing isn't just the future — it's the now. To compete in the legal space your firm should be thinking about a comprehensive digital marketing strategy. With competition growing more each year, digital marketing isn't something you should put off to the future — it's what you need to be doing now.

Plus, the start of the new year is a perfect time to begin elevating your firm's brand and position in your market. A good digital marketing plan helps your firm continue to sustain itself and also drive growth for the future. Your law firm's bottom line will thank you.

In this article and throughout the year as a part of our larger blog series, we'll cover how to measure and understand why digital marketing is worth the investment and share best practices for building your law firm's digital marketing plan.

What is digital marketing ROI?

When your law firm puts money into an investment (like a digital marketing plan), measuring its ROI (Return On Investment) as a performance metric helps your firm understand it's the value you are getting from that investment. It's the way of knowing whether your firm is making money by spending money.

A "good" digital marketing ROI will depend on your firm's goals and current circumstances. If you're just getting started with a digital marketing plan, you can expect modest returns that should continue to improve the longer your plan is in place. As a rule of thumb, we recommend aiming for an average ROI of 5:1, meaning that your law firm makes five dollars for every dollar it spends on its digital marketing strategy. A ratio higher than 5:1 is excellent. A ratio below 2:1 means that your firm is getting returns that make sense for you to continue to invest and it's time to rethink your strategy.

Monitoring your law firm's digital marketing ROI is like using a flashlight. Without it, you're fumbling around in the dark. But with it, you know what's working and what needs tweaking. You want to ensure that you allocate your law firm's marketing budget effectively, efficiently, and wisely.

How can I measure my digital marketing ROI?

To measure your law firm's digital marketing ROI, you'll need to know how much money your firm spends on a marketing campaign and how much revenue or value has been gained from it. A popular tool used in connection with calculating marketing ROI is Google Analytics.

It's important to look at your results both individually and collectively to clearly see what's working and what isn't. So, evaluate individual campaigns such as a one-time marketing blast on social media, along with your entire social media marketing budget to ensure that you're optimizing every opportunity.

A basic marketing ROI formula looks like this:

Digital marketing ROI = (Marketing revenue – Marketing costs) / Marketing cost

Let's make this a bit more concrete! Say your law firm spent $1,000 on a social media campaign in August and you tracked $5,000 in revenue from that campaign in the same month. Using the above formula, your firm's ROI would be 4:1. Given what you know from above, this is a good return, but it's likely that your campaign could be improved.

You should also remember that only attributing direct sales growth from a campaign can be deceiving since clients may have been influenced by the campaign, but ended up coming to your firm through a different avenue. With regular monitoring, the data becomes even more powerful.

What metrics should I use to measure digital marketing ROI?

Monitoring your law firm's digital marketing ROI is more complex and nuanced than only looking at how much money is brought in from each campaign and comparing that figure to your cost. It's essential to monitor analytics and performance data. If you don't, your law firm won't be able to determine the totality of your marketing efforts successes and opportunities.

To get started, we recommend tracking and measuring the following marketing performance indicators. (Better yet, make them part of?your law firm's regular reporting process.)

Conversion rate

A conversion rate is one of the best indicators of whether your digital strategies are effective. Your conversion rate is the ratio of people who click on an ad (or visit your firm's website) to people who convert into a lead.

When reviewing your law firm's campaign conversion rates, remember to look at conversions by channel. This metric will help your firm evaluate which channels are worth investing in and which can be deprioritized, resulting in an improved ROI.

Tracking conversion rates on your law firm's website is also key. With the?right reporting tools, you can track how long a visitor stays on the?firm's website, which pages they view the most, which pages have the highest bounce rates (visitors leaving the site), which visits result from organic searches, and how many visitors turn into leads. This powerful data can help you figure out where your customers are looking, what they are interested in and where they are leaving.

Source of clients

Your law firm should also track data about how newly acquired clients learned about the firm (e.g., from your firm's website, social media, word of mouth, or referral). Start by simply asking clients how they heard of you or including it in your client questionnaire at the start of the engagement. We recommend reviewing this data bimonthly and adjusting your digital marketing plan as needed. For the highest ROI, focus on those sources that feed your firm's bottom line.

Cost per lead and lead close rate

Getting leads is important for the longevity of your firm. For optimization, it's also important to figure out just how much your law firm is paying for each new lead. To calculate this metric, divide the total campaign spend by the total number of leads attributed to that campaign.

Also make sure you are looking at your lead close rate, which is how many leads generated are converting into new clients. If you find that you're generating many leads, but those leads aren't turning into clients and revenue, it's time to make a change. Also keep an eye on your lead close rate, which is how many leads generated are converting into new clients.

Cost per acquisition

Your law firm's cost per acquisition will tell you how much it costs, on average, to acquire a new client. To calculate this metric, divide total marketing spend by the number of sales generated.

This figure is key to understanding your digital marketing ROI because it gives your law firm the big picture of your law firm's spending. As with the other metrics discussed in this article, if your firm is spending more to acquire a client than the client brings to the firm, it's time to adjust.

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