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Sacramento, CA 95811
calottery.com



June 30, 2010

**RE: Questions and Responses, Request for Proposal (RFP) 4945, General
Market Advertising Services**

To All Potential Bidders:

Attached are the California Lottery's responses to questions submitted by the due date of June 15, 2010.

Sincerely,

John Muise
Contract Administrator
Contract and Procurement Services Section

Questions and Responses
Request for Proposal (RFP) #4945
General Market Advertising Services

Question 1:

The question is actually whether or not we can submit a joint (joint) proposal, but whether or not we can partner with two different companies in joint response to the RFP and can you confirm that your email would be considered permission to do so?

Response 1:

Yes, the Lottery will accept proposals from two different firms submitting a joint proposal. RFP 4945, section I A, Purpose states: "The Lottery will consider proposals from partnerships and joint ventures..." and section I M, Joint Proposal defines a joint proposal as: "two or more independent entities offering one proposal."

Question 2:

Submission delivery – Will the Lottery office be open on July 2 and 5 to receive Phase I submission deliveries?

Response 2:

The Lottery will be open on July 2, 2010 to receive Phase I Submittals unless the furlough program for state employees is extended through the month of July. The Lottery will be closed on July 5, in observance of the Fourth of July holiday.

Question 3:

Could you provide the names/titles for the people on the evaluation committee?

Response 3:

Information regarding the Lottery's Evaluation Team is confidential until after the Notice of Award is presented to the public.

Question 4:

Please confirm that if a joint proposal is submitted, each agency needs to submit separate Fact Sheets and not the Questionnaire?

Response 4:

Yes. RFP 4945, section II, A, 2, Agency Fact Sheet (Attachment 1), states: If the Agency is submitting a joint proposal, each Agency comprising the joint venture shall complete and submit an Agency Fact Sheet. Each Agency comprising the joint venture is not required to complete and submit an Agency Questionnaire.

Question 5:

GUARANTY - As a matter of difference between “Phases,” is this guarantee for the bid and “Finalist Competition?”

Response 5:

Yes. The Guaranty (Attachment 4) is to be completed and submitted by participating Agencies with their Phase I Submittal package. The information provided by Agencies on the Guaranty is binding throughout the solicitation process and for the duration of the contract term.

Question 6:

Would a female-owned business receive preference similar to DVBE (Attachment 5) and SMP (Attachment 6) businesses?

Response 6:

No, a business will not receive a preference based on the fact that it is female-owned.

Question 7:

Reduction of Funds – This section states that the obligation of this Contract is subject to the availability of funds/budget from the State Lottery Commission. Please advise as to the process of notification of this reduction and the process for reducing the Scope of Work to correspond to the reduction of Fees.

Response 7:

The Lottery’s budget is submitted to the California State Lottery Commission annually for approval. If the Commission does not approve a budget item that covers that particular contract, funds may not be available for that contract. To date this has not occurred, and therefore there is no “process” in place for notification of a reduction in funds or revision in scope of services. Please note, however, that section 8.4 of Exhibit B, Draft Contract Terms and Conditions, provides for termination for convenience upon 30 days’ notice.

Question 8:

With respect to Exhibit B, will each participant be given the opportunity to submit a mark-up of the proposed contract terms so that certain terms could be modified, if needed? A specific issues list can be provided to the CA Lottery at this time if required.

Response 8:

The Lottery is not requesting a list of exceptions to the Terms and Conditions at this time. Upon selection of an apparent successful bidder, the Lottery may take into consideration any requests for revisions to the Terms and Conditions provided that the changes are not material and provide additional value to the Lottery. There is no guarantee, however, that requested revisions will be made. Therefore, bidders should submit their proposals assuming that the draft Terms and Conditions issued with the RFP will remain in place for the entirety of the contract.

Question 9:

CERTIFICATION - "e. The prices in the proposal..." - this part of the RFP has not been entered into at this point. Are we assuming that we will be moving forward, or are we saying "Should the Agency move to the next phases where a price proposal will be created...?"

Response 9:

The latter statement is correct. Bidders should not assume they will be moving forward. The word "proposal" refers to all material submitted by bidders, regardless of the phase. By signing the certification, the bidder's representative is certifying information provided in its proposal during any, or all, of the phases of the solicitation process.

Question 10:

How will your organization benchmark salary, overhead and profit rates to determine best value and ensure the best overall outcome?

Response 10:

We have retained a highly qualified outside consulting firm to assist the Lottery in evaluating the compensation proposals against industry standards and best practices.

Question 11:

How will the CA Lottery verify the minimum of 50 employees and do those employees have to be full time?

Response 11:

50 full-time employees is a minimum qualification. Signing the Certification (Attachment 3) certifies that the Agency meets the minimum qualifications.

Question 12:

Co-ordination - How is the cross-cultural coordination being handled, is it envisioned that the selected agency is lead and manages the coordination with the Asian, Hispanic and African American agencies, or is that handled in house?

Response 12:

The coordination of the Asian, Hispanic and African American agencies is handled in-house.

Question 13:

Is CRM or eCRM a part of the scope for this RFP?

Response 13:

No, customer relations management is not in the scope of this RFP.

Question 14:

Client structure - Digital, non-traditional, internet and social all seem very important to you, as they should. How is the Lottery structured internally in this area? Is it the same group as TV, print etc? Are approvals, budgets and so on managed by one person?

Response 14:

Digital Communications are not within the same group as TV, print, etc. They are handled by our Online Marketing Program area. Approvals and budgets are handled by one person that reports to the same managers as TV, print, etc. At this time social media is handled by Corporate Communications with an entirely different budget and reporting structure.

Question 15:

Website management - You mentioned that the website is managed in-house. Is that group responsible for functional work or are they doing creative as well? Since message integration is so important how do you see this relationship working?

Response 15:

The website is managed in-house with a contracted vendor that develops, hosts and maintains it. The Lottery's Online Marketing group is responsible for all content on the site and in many cases utilizes creative from various contracted agencies. This group also has developed its own creative with the assistance of a creative resource.

Question 16:

Digital tracking and econometrics - the RFP states "The selected agency will be responsible for developing concepts and executing/tracking integrated digital campaigns" but on page 4, it states that there is a separate RFP outstanding for econometrics modeling and analytics – is digital tracking and analysis outside the scope of that RFP, and in scope for this RFP?

Response 16:

We expect the selected Agency will be responsible for developing concepts and executing/tracking integrated digital campaigns. Any overlap with the econometric modeling scope is TBD.

Question 17:

Digital trafficking - Media strategy and buying are listed in the RFP, but is ad trafficking, serving and optimization part of the RFP as well to be handled under the media part of the response?

Response 17:

Yes.

Question 18:

Mobile marketing - Is mobile marketing a part of the scope for this RFP?

Response 18:

Advertising or promoting via the mobile channel would be in-scope for this RFP. Mobile connectivity to the website or development of mobile applications would be out-of-scope for this RFP.

Question 19:

Econometrics - You mention that you are hiring another firm to handle modeling and analytics. What is the timing of this process?

Response 19:

The Lottery is currently investigating options for hiring a modeling and analytics agency.

Question 20:

Modeling - Do you currently employ marketing mix modeling to help plan your media expenditures?

Response 20:

No.

Question 21:

Key Personnel – The Lottery wants the ability to approve changes to the staffing plan submitted which makes sense. However, in a case where an employee of the agency, working on the account, resigns to move to a different career opportunity, what is the procedure for notifying the Lottery.

Response 21:

In the event that an Agency employee assigned to the Lottery contract leaves, the Agency must comply with Terms and Conditions (Exhibit B), Section 3.2.A, Key Personnel.

Question 22:

Payment – Given that this is a five year agreement, I would have assumed service fee payments would be made in 12 equal installments, based on the Staff Plan and Compensation Proposal. This paragraph, however, states that each project done under this RFP would need to have a separate service fee estimate developed and approved and that billings would be based on approved project estimates prior to work beginning. If that is the case, is the protocol to develop independent estimates based on individual staff plans, or are we to use the blended hourly rate of the Staff Plan and Compensation Proposal? Additionally, what is the process for bill the individual jobs (50% at start, 50% at completion or % complete on a monthly basis)?

Response 22:

Service Fees will be paid monthly in equal installments.

Question 23:

Subcontracting – This section states that the Agency is to triple bid all subcontracted work. However, for certain elements, such as media, we do not do in house but rather partner with a major media company during the pitch process. Are they subject to triple bidding or because they are our partner in the RFP and it's pricing, is it ok not to triple bid? What about companies that we own as a joint venture – are they subject to triple bidding?

Response 23:

As stated in Exhibit B, Contract Terms and Conditions, section 9.10, Subcontracting: Upon written approval from the Lottery Contract Manager, Agency may enter into subcontract(s). Depending upon the nature, scope and subject of the subcontract, the Lottery's Competitive Bidding Procedures, including the requirement that Agency obtain bids from at least three (3) subcontractors, may apply." The RFP does not state that an Agency "is to triple bid all subcontracted work." The Lottery Contract Manager will provide detailed bidding instructions to the selected Agency on a case-by-case basis.

Question 24:

Current situation - You say you want a partner that is “willing to challenge the status quo”. Please describe the status quo?

Response 24:

The Lottery is looking at this process as an opportunity to reassess its integrated marketing communications and advertising efforts. A significant change has occurred in consumer behavior and media consumption that corresponds to the proliferation of new channels, devices and ways of communicating. The Lottery is always striving to optimize its efforts to be more effective in order to generate more revenue for education. We are seeking the best partner to help us meet our goals.

Question 25:

Could you provide the staffing model for your current general market advertising agencies?

Response 25:

The current staffing model is not relevant to this RFP. The Lottery is interested in seeing what each Agency would propose as the best staffing model for the Lottery account.

Question 26:

While we understand that you have existing agency partners for your Hispanic, Asian and African-American efforts, are there any areas in which you feel the general market agency could assist? Are they full-service partners? How do these partners work with the general market agency?

Response 26:

The Lottery’s Hispanic, Asian and African-American agencies are full-service partners. The General Market Advertising Agency may be required to assist in working with the Lottery’s other agency partners to deliver the Business Plan objectives through a synergistic Marketing Plan.

Question 27:

With California being a multi-cultural state, especially Hispanic, do you define your Hispanic efforts as Spanish dominant? Or, are you also targeting bilingual?

Response 27:

Currently Hispanic efforts are defined as Spanish dominant.

Question 28:

Could you share any performance metrics on any of your previous initiatives? Beyond sales, what are the key metrics you use to measure success?

Response 28:

Depending on the marketing initiative, other metrics - besides sales - may be used. These could include unaided game awareness, changes in brand attitudes, past year playership, past month playership, and number of registrants or participants in a specific promotion.

Question 29:

What experiential/promotion programs have you felt were successful? Examples? Any programs (outside of your own) that you admire?

Response 29:

The Lottery's most successful experiential event to date was the "Make Me a Millionaire Mall Tour," a scaled down version of our Make Me a Millionaire TV game show. The tour brought the game to life for our players. It provided consumers with an interactive experience and the feeling of being on a game show. The tour created excitement, increased purchase intent for Make Me a Millionaire Scratchers® tickets, and increased awareness for the show. The events garnered over 1,000,000 free media impressions on local newscasts.

Question 30:

Throughout the review process, can the same media planning/buying agency work with two competing advertising agencies? This is a common practice in our industry. Firewalls would exist to ensure that information would not be shared and the two teams would sit in different cities.

Response 30:

Yes, we would be open to this provided there is no communication between the two teams.

Question 31:

INTRODUCTORY LETTER -Regarding "Agency's particular strengths with respect to qualifications" are you referring to SUMMARY OF WANTS, NEEDS and EXPECTATIONS on the Executive Brief, June 3, 2010?

Response 31:

Yes.

Question 32:

INTRODUCTORY LETTER - When summarizing the agencies key contributions "it can bring to the Lottery's advertising and marketing communications efforts" can we include how we would be able to interface in various promotional, public relations and ethnic advertising agency relations?

Response 32:

Yes.

Question 33:

AGENCY FACT SHEET - "COMPLETE CLIENT LISTING" - are you referring to current or all clients over the life of the agency?

Response 33:

Current clients only.

Question 34:

AGENCY FACT SHEET - "PERCENTAGE BREAK DOWN BY MEDIA" – are you referring to media planning and buying only, or do you want it combined with creative?

Response 34:

We are looking for the distribution of your total work product across various media channels.

Question 35:

AGENCY QUESTIONNAIRE - Agency Positioning, Vision and Philosophy - Positioning – "usually compete" – could you answer this in more than one category?

Response 35:

Yes.

Question 36:

Agency Positioning, Vision and Philosophy - "Vision" is this referring to overall or specifically by obtaining the California State Lottery account?

Response 36:

This should be generic and true to the Agency overall, not merely for the Lottery account.

Question 37:

Agency Positioning, Vision and Philosophy - Integrated Digital Approach – can we talk about innovations in this area that we have created? Can you explain what you mean by "holistic channel-neutral?" Are you referring to Media when you ask about "communications planning?" And with regards to "data" are you speaking about obtaining marketing data or something else?

Response 37:

Integrated Digital Approach – yes, you can talk about your digital innovations.

Holistic channel neutral – refers to an insights-led, zero-based planning approach that seeks to identify the best communications channels to deliver a specific communications strategy and communications objectives.

Communications planning – yes, this refers broadly to media.

Data – in this context it ties to consumer/target information.

Question 38:

Scope and Nature of Agency Services - "Agency Services" – since many agencies use different terms, combine roles and departments, it would be helpful if The Lottery could provide a list of job descriptions and department functions of creative and media services so that all agencies are fairly judged in their respond to Phase I of this RFP.

Response 38:

We are looking for an understanding of each Agency's approach and structure of "Agency Services."

Question 39:

Scope and Nature of Agency Services - Is the Lottery looking for a single process or definitions of process depending on strategic related tactical approaches?

Response 39:

Neither. We are interested in your strengths and the services you provide to your clients, (e.g., strategic planning, creative development, media planning and buying).

Question 40:

DVD's - Does the Lottery want these DVDs to interactive or are you looking for them to be "play through" like a video tape?

Response 40:

The DVD should play through like a video tape.

Question 41:

Brand and Messaging - Does the CSL team track brand equity on a consistent basis, and are brand tracking results available publicly or to RFP respondents? Are there any other types of CSL brand perception or advertising effectiveness research (e.g., recall or copy tests) and results available publicly or to RFP respondents? What are your specific goals for driving the Lottery brand and/or individual game brand equity?

Response 41:

The Lottery has an ongoing Consumer Tracking Study that measures awareness, attitudes and purchase behavior for specific games as well as for the Lottery overall. In addition, the Lottery conducts advertising research, including traditional copy testing and ad recall studies. Information from all of these sources will be made available to Finalists.

Question 42:

Purchase and Sales Information - What types of distribution, purchase consideration and sales data are captured by the CSL and your agency partners? How often do you capture this information? How is it used to inform in-market programs? Is any sales data—beyond total CSL revenue—available publicly or to RFP respondents? What are your specific sales and revenue goals for the campaign?

Response 42:

For draw games like Super Lotto Plus® and MEGA Millions®, detailed purchase information is available because these transactions are recorded by the Lottery gaming system. However, for Scratchers tickets, this level of detail is not available because the Lottery gaming system does not record a consumer purchase of a Scratchers ticket. For example, Scratchers sales data is only estimated by week, while consumer purchasing trends by hour are available for draw games. Future purchase intention data is obtained from consumers through the Lottery's Tracking Study surveys. Information from all of these sources will be made available to Finalists.

Question 43:

Consumer Information - What types of consumer data are captured by CSL and your agency partners? Does the online channel currently provide the CSL, your distribution partners and your agencies with an active feedback loop on consumer engagement, game play or media habits? What do Californians think of the Lottery? To what do you attribute falling player engagement or “lapsed players?” Is the surfeit of online gaming opportunities or new brick-and-mortar casino offerings across California affecting sales? What effect is time spent on social media having on the Lottery?

Response 43:

The Lottery conducts an ongoing Consumer Tracking Study that measures awareness, attitudes and purchase behavior for specific games as well as for the Lottery overall. The Lottery has also begun using its gaming system database to gain insights from players – particularly loyal players who make up a sizeable share of a game’s sales. An ongoing pool of potential respondents is being developed to allow the Lottery to conduct future player research on a quick turnaround. Information from all of these sources will be made available to Finalists.

Question 44:

Segmentation - Have the CSL or any of your agencies executed a segmentation study of gaming prospects, players or lapsed players in the last four years? Is this information available to RFP respondents? How would you describe your player base? How would you describe lapsed players? What is the annual value to California of each active CSL player? How does this differ by game play, individual game purchases, sales channel, geography or any other segmentation you may use in developing products, marketing strategies or planning, buying and evaluating media?

Response 44:

Within the past four years, the Lottery has conducted a Scratchers Segmentation Study. In addition, an analysis segmenting players and potential prospects using data from the ongoing Tracking Study has been done. Details from these studies will be made available to Finalists

Question 45:

Product - How does CSL define “best products?” Is it total revenue, unit sales, individual game plays, time spent, retail or digital distribution or some combination of all? What would you say are your best products? What products warrant the most paid media investment? Which have been most successful in generating self-propelled engagement without paid media?

Response 45:

Scratchers tickets are the Lottery’s best selling product. Additional information will be provided to Finalists.

The Lottery’s Business Plan may dictate which products warrant the most paid media investment. The Lottery’s Scratchers products have been most successful in generating self-propelled engagement without paid media.

Question 46:

Player Engagement - Throughout your RFP, the CSL identifies the challenge of “maximizing player engagement.” How does CSL define “player engagement?” What measures are in place to track and optimize engagement? Do you measure retail or channel engagement? Social media and mobile platforms can provide incredible opportunities to engage your players; what are your goals for emerging media platforms? Do you have an internal team working on social media? Have CSL employees been provided with guidelines for their own social networking practices? Have you previously built relationships with bloggers? If so, how have you engaged them? Is mobile marketing a part of this RFP?

Response 46:

Player engagement is about increasing the % adult penetration figures playing a specific game and playing any lottery game, as well as interacting with the Lottery online.

The Lottery conducts an ongoing Tracking Study to track player information. We also track the number of visits to the Lottery’s website and the number of player registrations in our “second chance” micro-sites.

The Lottery’s social media is managed by the Corporate Communications office. This department determines the frequency and subject matter of information uploaded to the Lottery’s Facebook page and any tweets on Twitter. The Lottery is in the beginning stages of digital marketing efforts and is looking to its Agency partners for direction in this area.

Advertising or promoting via the mobile channel would be in-scope for this RFP. Mobile connectivity to the website or development of mobile applications would be out-of-scope for this RFP.

Question 47:

Brands vs. Games - Furthermore, the CSL identifies a need to better “understand player motivation” as well as a need to “better differentiate and position the Lottery’s games and its various brands to enhance consideration and increase sales...” Does the CSL currently employ a brand portfolio strategy? If so, what is the brand architecture, specifically the relationship and media investment priority of the Lottery brand in relation to the individual game brands? Which “brands” have motivated the greatest consumer engagement and sales/revenue to date? Where do you see the greatest threats to your products – competition from legalized gaming proliferation or more varied entertainment options?

Response 47:

The Lottery developed brand models for its overall brand and specific products.

Scratchers is the brand that has motivated the greatest consumer engagement and sales/revenue to date.

Currently the greatest competition is other low-cost impulse items.

Question 48:

Maximizing the Media Investment - In the RFP, the CSL shares your intention to hire a separate "Econometric Modeling and Analytics" firm to better inform campaign planning so as "to optimize campaign results for the maximum ROI." Given that econometric modeling is integral to how we do business, can you explain how we will be asked to collaborate with your new firm? When will CSL share the name(s) of the contenders or winning firm? Are the selection criteria public or otherwise available to RFP respondents? How have you used PR and media relations in the past? What is your expectation for media relations, PR events? Have you had any successes that you can share around innovative promotions and experiential marketing?

Response 48:

The Lottery is currently researching options for engaging an ROI firm. The CSL will share the name of the winning firm upon request after it has been selected. The Lottery's General Market Advertising Agency will be asked to collaborate with the new ROI firm. The extent of that collaboration is to be determined.

The Lottery has used a PR firm in the past, and intends to engage a PR firm in the future that will help build and implement a fresh PR program.

The Lottery's most successful experiential event to date was the "Make Me a Millionaire Mall Tour," a scaled down version of our Make Me a Millionaire TV game show. The tour brought the game to life for our players. It provided consumers with an interactive experience and the feeling of being on a game show. The tour created excitement, increased purchase intent for Make Me a Millionaire Scratchers tickets, and increased awareness for the show. The events garnered over 1,000,000 free media impressions on local newscasts.

Question 49:

Summary of Wants, Needs and Expectations - We are sensitive to your desire to meet the team that will be immersed in this assignment each and every day. Thus, we'd like to ask if we can share a more expansive view of our leadership team than the six folks you reference in instruction for the Agency Questionnaire (RFP page 53)?

Response 49:

As stated on the Agency Questionnaire, Attachment 2, Section C., please limit your response to "no more than six of your key executives."

Question 50:

Summary of Wants, Needs and Expectations – (name of agency) offers a breadth of services that are of interest to CSL in this RFP (e.g., General Advertising, Media, Relationship Marketing). Each operating unit is a wholly owned subsidiary of (name of parent company). As such, do we need to provide a separate Agency Fact Sheet for each unit, or will a single submission for (parent company) suffice?

Response 50:

A separate Agency Fact Sheet is needed for each subsidiary.

Question 51:

What media reporting structure/process is currently in place? How often are reports provided? Does The Lottery expect any changes to this process?

Response 51:

The General Market Advertising Agency will be required to submit an industry standard summary report (such as the Donovan Data System or any similar report) upon request. Media invoices will only be paid upon completion of broadcast months. Within 120 days of the completion of a flight, the Agency will be required to provide a closeout estimate generated from the automated media system.

Question 52:

The Public Relations section on the RFP (page 5) indicates Public Relations support will be requested “at the discretion of the Lottery Contract Manager.” Are PR capabilities a requirement for the submitting agency?

Response 52:

No, although the Lottery may request that its General Market Advertising Agency assist it in securing and managing a PR firm.

Question 53:

In Attachment 2, Section G, it indicates that Agency may present up to three brand building case histories via written format. Is this in addition to (and separate from) those being requested via DVD?

Response 53:

At the Agencies’ discretion, the written case histories may be either in addition to or the same as those submitted via DVD

Question 54:

Two creative case histories of “most recent and relevant campaign work” are to be submitted via DVD. Is the expectation that such case histories be in the form of videos, downloadable PDF, or both?

Response 54:

Narrated video DVDs are preferred.

Question 55:

Two media case histories of “most recent and relevant campaign work” are to be submitted via DVD. Is the expectation that such case histories be in the form of videos, downloadable PDF, or both?

Response 55:

Narrated video DVDs are preferred.

Question 56:

Is the expectation that the Agency Profile, creative Case Histories and Media Case Histories be submitted on a single DVD or separately on three DVDs?

Response 56:

They can be combined on one DVD so long as the DVD is clearly labeled and includes a menu.

Question 57:

What format DVDs are requested? Menu-driven? Auto-play? Looped content? Other?

Response 57:

We would prefer a DVD with a menu approach for flexibility.

Question 58:

What compensation structure is currently employed for creative services and media services? If it is a percentage-based structure, what percentage is currently used? Also, are there any performance-based incentives?

Response 58:

The current compensation is billed on mark-up. The current structure, however, is not reflective of the future compensation approach for the selected Agency.

Question 59:

How is the Lottery's Social Media strategy currently managed?

Response 59:

The Lottery's social media is managed by the Corporate Communications office, which determines the frequency and subject matter of information uploaded to the Lottery's Facebook page and any tweets on Twitter.

Question 60:

How is the Lottery's Search Engine strategy currently managed?

Response 60:

The Lottery's search engine optimization strategy is managed by the Lottery's Online Marketing Program, which monitors search results on an ongoing basis. In most cases the California Lottery will appear, if not number one, then in the top five of internet searches for lottery-related information.

Question 61:

How are the Lottery's In-Store Communications needs currently managed?

Response 61:

Point-of-Sale materials are provided by Alcone Marketing Group. Additional in-store communications (e.g., in-store radio, grocery screens) are purchased and managed by our current General Market Advertising Agency.

Question 62:

How is the Lottery's Public Relations strategy currently managed?

Response 62:

The Lottery's Public Relations strategy is currently managed through the Corporate Communications office.

Question 63:

How are the Lottery's Market Research needs currently managed?

Response 63:

Most market research for the California Lottery is managed by an internal unit – the Business Planning & Research Office (BPRO). The work of this unit is based on the research needs of the Marketing division (and its contracted agencies) as well as the entire Lottery organization. Some of the research is funded through BPRO's budget, while some projects are funded out of the Lottery's advertising budget.

Question 64:

For services that are traditionally subcontracted by most Agencies to ensure best value and objectivity – commercial production, econometrics modeling, market research, etc. – do vendors need to be identified in the Phase 1 submission?

Response 64:

No.

Question 65:

Will there be any interaction with the ethnic or POS agencies as part of the RFP process? What will be the nature of interaction/collaboration amongst the agencies once the contract has been awarded?

Response 65:

There will not be any interaction with other Lottery agencies during this solicitation process. It is anticipated that the selected General Market Advertising Agency will work with the Lottery's other agency partners to deliver the Lottery's Business Plan objectives with a synergistic Marketing Plan.

Question 66:

Likewise, will our collaboration with the econometrics firm allow us to give input into the design of the models and the selection of metrics? Will we be able to give input into reports and/or dashboard that they will be producing? How closely will we be allowed to work with that firm on an ongoing basis?

Response 66:

Still to be determined.

Question 67:

Have you done any previous econometrics modeling? If so, would it be possible to see that work as we're preparing our response to the RFP?

Response 67:

No, the Lottery has not previously worked with econometrics modeling.

Question 68:

Are there any current positioning or strategy documents that we can review to gain a better understanding of the current state of the brand?

Response 68:

Finalist agencies will participate in an all-agency group briefing. Information about positioning and strategy will be provided to the selected Finalist agencies at that time.

Question 69:

To what degree will we be able to influence the content of the California Lottery website?

Response 69:

Currently, many of the Lottery's advertising campaigns are uploaded to its website. The Lottery expects to continue this practice.

Question 70:

What is the proposed budget for the Scope of Work?

Response 70:

The estimated annual budgeted amount for the General Market Advertising contract is expected to be approximately \$30 million. However, there is no minimum expenditure guarantee, and, as with all Lottery contracts, funding is subject to continuing approval of the California State Lottery Commission.

Question 71:

While digital will play an increasing role, what percentage of the overall assignment is digital?

Response 71:

The Lottery is looking for its General Market Advertising Agency to provide direction on the role of digital (advertising online and linking to the website) to drive sales.

Question 72:

Has there been any discussions about using mobile platforms?

Response 72:

The Lottery is open to ideas for the use of mobile platforms.

Question 73:

While we understand that with a joint proposal each agency needs to complete an Agency Fact Sheet, does each agency also need to complete the Agency Questionnaire, Certification and Guaranty?

Response 73:

The Agency Questionnaire and the Certification must be completed and submitted only by the Agency that is legally authorized to contractually bind the joint venture. The Guaranty must be signed and submitted by each member of the joint venture.

Question 74:

Are we limited to (2) case histories for both campaign work and media planning and media buying/negotiating?

Response 74:

RFP requirements are two case histories and two media case histories (one media case history for media planning and one for media buying).

Question 75:

The RFP indicates, "Given its target audience and the role of the web and digital devices in their lives, the Lottery expects the internet and digital platforms to play an increasing level of importance in its marketing communications mix." Does the California Lottery have a predefined target audience?

Response 75:

The Lottery's target is Adults 18 +.

Question 76:

What is the anticipated media budget?

Response 76:

The estimated annual budgeted amount for the General Market Advertising contract as a whole is expected to be approximately \$30 million. The Lottery is looking to its selected Agency partner to provide the media and production budget breakdown.

Question 77:

Would it be possible to view historic media plans/mix and spend?

Response 77:

The Agencies identified as Finalists will participate in a Group Briefing Day where additional information will be provided.

Question 78:

The RFP states that the California Lottery is in the process of hiring a communication channel planning partner. Has one been selected yet? If yes, who is it?

Response 78:

An ROI partner has not yet been selected.

Question 79:

Who currently handles the California Lottery's social media outreach and engagement efforts?

Response 79:

The Lottery's social media is managed by the Corporate Communications office, which determines the frequency and subject matter of information uploaded to the Lottery's Facebook page and any tweets on Twitter.

Question 80:

Although management of the website isn't in the scope of the assignment, to what degree of impact will the agency selected have on creative, functionality, and user experience?

Response 80:

Currently, many of the Lottery's advertising campaigns are uploaded to its website. However, advertising agencies have limited influence on website creative, functionality, and user experience.

Question 81:

The RFP mentions maximizing the Lottery's media investment in this tight budget environment, what range of budget are you currently working with and has that fluctuated (either increased or decreased) in recent years? What has been the media/production split?

Response 81:

The estimated annual budgeted amount for the General Market Advertising contract as a whole is expected to be approximately \$30 million. The Lottery is looking to its selected Agency partner to provide the media and production budget breakdown.

Question 82:

What consumer research have you done that can be shared with us? What segment of the GM are you currently targeting (do you have a target profile info to share) and where are you looking to expand? We are particularly interested in insights you have on player motivation and the reasons there is an increasing trend in lapsed users.

Response 82:

The Agencies identified as Finalists will participate in a Group Briefing Day where additional information will be provided.

Question 83:

Do you have any metrics to share on your digital efforts to date? What would you say has been the most successful arena the Lottery has embarked on in the digital landscape and why?

Response 83:

The Lottery is in the beginning stages of its digital marketing efforts. To date, the Lottery's digital marketing efforts have not performed as well as we had hoped in terms of response, visits, click-throughs and downloads.

Question 84:

We know the challenges of online gambling, do you foresee a shift in that to allow for potential of online lottery play?

Response 84:

Not at this time.

Question 85:

Can you describe your new gaming strategy?

Response 85:

Providing higher prize payouts for Scratchers games is the Lottery's most recent gaming strategy.

Question 86:

What are your best selling products? Does the GM agency of record have input in product selection?

Response 86:

Our best selling products are Scratchers tickets. The Lottery's current General Market Advertising Agency has input in product selection in some cases.

Question 87:

Do you have any programs that are very community focused or loyalty programs implemented, if so, what?

Response 87:

The Lottery participates in many ongoing community-focused programs. The Lottery launched a player loyalty program last May and intends to expand and enhance that program in the first quarter next calendar year.

Question 88:

While you don't have a direct competitor in-store, what do you feel takes away from the bulk of potential sales?

Response 88:

Other low-cost impulse items may take away potential Lottery sales.

Question 89:

Does this assignment also include franchisee/retailer incentive programs or is that handled by the POS agency of record?

Response 89:

No, it is handled by the Lottery's POS agency.