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January 14, 2010

To All Prospective Bidders:

RE: Request for Proposal (RFP) 2246, Tracking Study Services

Below are questions received and the corresponding responses relating to the above referenced RFP (all references to agencies or personal names have been omitted). As noted in question 1, the correct Bid Response submittal date is Monday, January 25th at 3:00pm.

RFP #2246 Tracking Study Services: Bidder's Questions

Question 1:

"There are two different due dates within the RFP - Jan 25th (title page & page 2, section I.E. Projected Timetable) and Jan 20th (page 19 Section IV), please clarify which date is correct."

Response 1:

Regarding the discrepancy in submittal dates, the correct submittal date is Monday, January 25th at 3:00pm.

Question 2:

"Do you have statistics that indicate what percent of the lottery participants, by type of lottery, have and use the internet on a regular basis? If you do have such, what is the incidence?"

Response 2:

Based on data collected through our current Tracking Study in OCT/NOV 2009, "Do you have access to the internet?" Past Year Players of SuperLotto Plus was 71% (n=220), MEGA Millions 70% (n=163) and Scratchers 66% (n=160). The sample size of other lesser game categories is too small to report.

Question 3:

“How important is utilizing/linking past data from this project to data captured in future waves? Are project principals looking for a seamless data transition or are they open to completely new research approaches, or something in between?”

- If a seamless data transition is preferred, would project principals be willing to share company-specific information about current sample providers?”

Bidder was requested to provide clarification to the question “Are project principals looking for a seamless data transition or are they open to completely new research approaches, or something in between?”

Their response was as follows:

“One of the larger decisions marketers take on when they decide to move a tracking project to a new partner is how to manage the historical information the current tracker has collected. Of course, if the questionnaire remains largely the same as the current version bridging data between old and new versions is simpler, especially if sample sources, technologies used, etc. stay relatively consistent. The downside of this consistency is that it may become difficult to incorporate learning about new developments in the category and specific to the Lottery; the upside is that more current information can be tracked over time.

If the Lottery believes that the tracker needs significant re-work to retain (and increase) its value, we have more freedom to make changes, but less ability to track current question responses over time.

Bridging between old and new trackers is a critical point to tackle, so we are just trying to get a sense for approximately what percentage of the example questionnaire you are looking to change to meet your business objectives. Is the current tracker doing a great job on this, or can we do better by changing about 10% from the current version, 50% from the current version, or completely starting anew?”

Response 3:

The Lottery wishes to link the new survey to past data if it is practical to measure changes in the public. However, the Lottery understands that some comparability will be lost due to the change in data collection methods. As such, the Lottery will review and consider the vendor’s suggestions in terms of questionnaire design and analytical approaches.

Question 4:

“Is it important for California Lottery employees to have access to data on a real-time, or close to real-time basis through an Internet portal?”

Response 4:

It is not critical for the Lottery to have real time or near real time access to data. Please refer to the RFP: Scope of Services - Specifications for the Communications

Effectiveness Study: Data files from the preceding month are due no later than Friday of the first full week of the current month. Data files as described in item #16 (augments) need to be available within 1 to 3 days following the completion of data collection.

Bidders may provide an enhanced timetable that exceeds the expectations as required. "The Bidder must also provide a timetable outlining key dates each month for the major steps in the Study as well as a date for the deliverables." Any additional software that would need to be utilized would be supplied by the vendor if selected.

Question 5:

"How may this tracking research compliment (or replace) other tracking research currently being conducted (e.g. brand, customer satisfaction, etc.?)"

Response 5:

The Communications Effectiveness Tracking Study is the only continuous tracking research conducted and this new tracking study will replace the existing one.

Question 6:

"Beyond SPSS, what other technologies are currently in place to field the survey (e.g. Conformat, Vovici, etc.)? Is it important to retain current technology providers?"

Response 6:

SPSS is used by the Lottery to manage data files. We have requested to continue to receive data in SPSS file formats or SPSS compatible files. We generally move files into Desk Top Reporting and/or an Excel sheet so that any staff can report from them. "Section – Scope of Services – General Guidelines - # 11- Contractor needs to have the ability of compiling data and providing data files in an SPSS compatible format as well as cross tabulations of the data."

Any additional software that the Lottery would need to retrieve data from a vendor would be supplied by the vendor.

Question 7:

"Is there any advantage to being a California (or US based) company? Is there any advantage to having key team members based in California (or near Sacramento)?"

Response 7:

We do expect the vendor to generally be available during the vast majority of the Lottery's normal business hours (7:30 AM to 6:00 PM). This is not part of the Rated Evaluation. There is no advantage to being a California or US based company.

While there may not be an advantage to having key members based in California in terms of the Lottery rating a proposal, the vendor may find it is easier to be part of

non-mandatory meetings at the Lottery resulting in becoming more knowledgeable about the Lottery and its current marketing research needs.

Please also see:

Section I, GENERAL INFORMATION, Part C. Bidder Qualifications #4: Are business entities able to legally do business in the state of California

Question 8:

“Is the incumbent bidding on this next wave?”

- If no, what are the key reasons the Lottery is making a change?
- If yes, what is the likelihood the Lottery will make a change rather than continue with the current vendor?”

Response 8:

We only have intents to bid at this point and do not know who will submit actual bids. The Lottery does not know if the incumbent is bidding on the current RFP.

Question 9:

“We will provide costs as outlined in the RFP. We do have some concerns with the proposed methodology as well as a proven (tested with research and development) solution that can address the Lottery’s goals. We’d like to provide separate costs for this methodology and have thought about putting the costs in an appendix. Would this work for your team or do you have a different preference?”

Response 9:

Please provide costs on the Cost Proposal Price Sheet as outlined in the RFP.

Yes, we will accept an appendix as stated as long it is clearly denoted with a separate designation.

Question 10:

“Many clients when switching methodologies prefer to conduct parallel testing for at least one quarter (e.g., run the study, in this case, on the phone and web). Is this something that your team would like included in the bid?”

Response 10:

The Lottery has made certain requests as part of this RFP process to address some of the issues that could occur with a change in methodology. We expect to do certain tasks in the initial phases of the contract to assure the sample is representative of California adults.

As described on pages 9 through 12 of the RFP under Section II B, Rated Submittals, the bidder should include a thorough description proposing how it will manage the internet sample so that the survey reflects California adults from a

demographic, behavioral and attitudinal standpoint. This could include delineating what type of general behavioral information is known about individuals in the internet sample database that could be used as screener questions.

Question 11:

“For the small business set-aside, we had planned to include small businesses in our bid, but I noticed today that the RFP indicates that the small business must be located in California. Is this correct? Is the small business set-aside a hard requirement or a preference trigger only?”

Response 11:

Yes, to receive the 5% preference, the small business must be located in California. The small business participation is optional.

Question 12:

“Will the existing questionnaire be used or will the contractor develop a new questionnaire in consultation with the Lottery?”

Response 12:

The vendor may offer their expertise in developing the questionnaire to take full advantage of switching to a self-administered survey using the internet for data collection. While the Lottery wishes to link the new survey to past data if it is practical to measure trends, the Lottery is open to make major changes to the questionnaire.

Scope of Services, General Guidelines #2 –The Contractor is responsible for developing the questionnaire language and layout based on the general direction provided by the Lottery. The final questionnaire must be approved by the Lottery before interviewing can be started. The Contractor is also responsible for incorporating changes into the survey as needed – such as when a new game is introduced.”

Question 13:

“Clarify what is meant by "graphic capabilities" for developing the survey instrument? Is there a requirement to include visuals, flash animation or video clips as part of the survey script?”

Response 13:

By graphic capabilities, the Lottery is looking for visual enhancements that can keep a respondent engaged in a survey and increase the ability to communicate with the respondent through more than just text. For example, showing a specific Scratchers game ticket may be better for getting the true percentage who have played that specific game compared to just including the name of that Scratchers ticket in the survey.

Question 14:

“Within the costing section, please clarify "additional data tabulations"? Is there a required number of additional banners, crosstabs, filters, nets/subnets, or advanced analytics such as regression, segmentation etc.”

Response 14:

On Page 6, under Part C of the Cost Proposal, a reference to “additional data tabulations” is made. These additional data tabulations will be used by the bidder to conduct a special analysis.

With a sample size in the thousands, unique analyses can be conducted to help address current marketing issues at the Lottery. Since the topic may vary, it is impossible to say how many cross tabulations or additional banners will be required. The vendor will be left to figure out how to conduct the analysis.

The Lottery anticipates that the analysis from this portion of the contract would require the use of many questions (but not all) within the Tracking Study as well as a sizeable segment of the surveyed population and possibly all respondents interviewed in the twelve month period. The analysis will likely require additional tables of cross tabulated data as well as more advanced analytical tools at least some of the time. The use of correlations, regression and/or segmentation techniques may be needed for at least some of the requested analyses.

Question 15:

“What percentage of the survey questionnaire would be modified each given month? Although the RFP states that "no additional costs will be accepted for survey changes" (item # 3 under General Guidelines in Exhibit A), it is important to have an understanding of what percentage of the questionnaire will be changed in order to provide accurate and fair pricing.”

Response 15:

The development of the new internet survey questionnaire and subsequent initial modifications will be required as part of the contract. We expect the development of the survey may require that modifications are made during the first months of the contract to meet the needs of the Lottery. Normal and ongoing modifications are required as listed in “Section II Proposal Requirements – #C- Cost Proposal, After creating the survey at the start of the project, the Lottery still anticipates there will be times when new questions or modifications to existing questions are needed to meet changes to the Lottery’s products and marketing efforts. During the course of any given calendar year, the Lottery reserves the right to modify up to 15% of the survey questions with replacement questions of the same approximate complexity. The Contractor is not entitled to any supplemental compensation for these changes.”

Question 16:

“Items 4 and 5 under General Guidelines in Exhibit A discuss sampling issues. For specifically, the need to obtain a sample "representative of all California adults 18 years and older and also representative of all types of Lottery players. The sample

should be representative of California adults and players and not only demographically but also behaviorally and attitudinally."(item 4). "Disproportionate participation by one group of any particular mindset is not acceptable" (item 5). Our questions related to these items are as follows:

a. Is the lottery looking to set quotas based upon behavior and attitudes, or just quotas based on demographics as outlined in the rfp? Obtaining a representative sample of California adults and a representative sample of all types of lottery players could potentially be mutually exclusive goals to a certain degree. While obtaining a representative sample of California adults against static targets aligned with census figures is easily done, player base (behaviors) and attitudinal are much more fluid and reactionary to market forces. What targets for representativeness does the lottery envision using? For example, past year participation may be 44% in one tracking wave, increase to 49% in another wave (possibly due to marketing efforts), and decline back to 46% in a subsequent wave.

b. Please clarify the following: "Disproportionate participation by one group of any particular mindset is not acceptable" (item 5). How is this identified? If the sample is representative of the California adult population, how does one judge this criteria?"

Response 16:

In terms of obtaining a sample that is representative of California adults not only demographically but also behaviorally and attitudinally, the Lottery is only setting monthly quotas on demographic characteristics and set forth in Section A, the Scope of Services.

However, to obtain a sample that reflects California adults in the other ways, the Lottery has made certain requests as part of this RFP process and will do certain tasks in the initial phases of the contract.

As described on pages 9 through 12 of the RFP under Section II B, Rated Submittals, the bidder should include a thorough description proposing how it will manage the internet sample so that the survey reflects California adults from a demographic, behavioral and attitudinal standpoint. This could include delineating what type of general behavioral information is known about individuals in the internet sample database that could be used as screener questions.

In the initial months of the Communications Effectiveness Tracking Study, the Lottery may add questions to the survey that will help it understand if the sample represents California adults as there are certain actions and behaviors where the incidence is known. Data will be compared with these other outside sources. The Lottery will not use its existing Tracking Study in these comparisons.

Question 17:

"Item 4, under Specifications for the Communications Effectiveness Study, in Exhibit A, page 22-23. The RFP discusses that there are quotas by age, ethnicity, and gender, and it states that "the aggregate number of target respondents in the row and column "Total" must be reached monthly. However, the discussion in the last

paragraph of page 22 and the ensuing chart on page 23 concludes that what the Lottery is really looking for are nested quotas within age, ethnicity, and gender. Please confirm and/or clarify as that has huge implications when attempting to cost this work. Nested quotas within overall quotas are always significantly more expensive to achieve, even when considering some flex in the ranges, than standard overall quotas.”

Response 17:

In order to achieve a sample that is truly representative of California adults, the Lottery is requesting that the monthly sample meet exact quotas for age, ethnicity and gender and fall into an acceptable range for age within ethnic group.

Question 18:

“How crucial are the 2 year experience and \$100,000 contracts execution experience for qualification? Will there be any relaxation in these criteria?”

Response 18:

We have reduced the number of years of continuous experience from three (3) to two (2) years. The previous RFP required a minimum of three (3) continuous years of experience providing marketing-related research services.

Bidders must meet the criteria as required:

C. Bidder Qualifications

This RFP is open to vendors who at the time of bid submission:

1. Have a minimum of two (2) continuous years of experience conducting market research surveys.
2. Have had two or more contracts for market research services during the past two (2) years with a value in excess of \$100,000 per contract.
3. Have the ability to provide both telephone-based surveys and Internet-based surveys.
4. Are business entities able to legally do business in the state of California; and
5. Meet the requirements set forth in Section II, Proposal Requirements.

NOTE: If a joint offer is being submitted (two or more independent entities offering jointly in one proposal) at least one of the Bidders must meet all of the minimum requirements listed above. Years of experience from two or more Bidders forming the joint offer cannot be combined to meet the experience requirement.

Question 19:

“Do you have any preferred internet panel vendors that we can subscribe to?”

Response 19:

No, we do not have an internet panel vendor.

Question 20:

“Do you have list of lottery customers list that can be shared with us for usage?”

Response 20:

We do not have a list of lottery customers that would be applicable for this study.

Question 21:

“Do you have any preferred survey software? (Confirmit / Nebu); Cost will vary according to software usage; Confirmit pricing based on number of completes and number of Variables; Nebu Pricing would be based on Length of Interviews and Completes and Incompletes.”

Response 21:

The vendor is responsible to field the survey questionnaire and manage panels, data collection etc. utilizing their own software. We do not have a preference for survey software. The Lottery’s requirement is to receive data in SPSS files or using SPSS compatible software.

Question 22:

”Will the 20% of the Spanish Languages quota be included in the overall sample of 300? And also clarify if there are no sub quotas separately for Spanish surveys.”

Response 22:

If the monthly total sample is 300, then would be quotas of 60 interviews completed in Spanish and 240 interviews done over the internet in English.

There are specific quotas by gender for the Spanish-language surveys. And, there are no specific quotas by age or age within ethnicity that must be conducted in Spanish. However, in order to achieve the overall quotas by age and age within ethnicity, the numbers of Spanish-language interviews by each of these sub-groups are indirectly subject to some control.

Between the completed surveys in English and Spanish combined, the vendor must comply with the exact quotas for age, ethnicity and gender and fall into the acceptable range for age within ethnic group.

Question 23:

“Would we have to send reminders to the sample to achieve the target 300 per month?”

Response 23:

The vendor is responsible to conduct the same number of each week. How the vendor manages the panel is the vendor’s responsibility.

“Scope of Services - General Guidelines - Specifications for the Communications Effectiveness Study - #7. The frequency of data collection for the Tracking Study is to be continuous, in that the same number of interviews will be conducted each week. There are no daily quotas.”

Question 24:

“What would be the frequency of survey launches during the contract period?”

Bidder was requested to provide clarification. “What are you referring to as launch?”

Their response was as follows:

“We would like to know whether we would have to send email invites for the survey on weekly or monthly intervals.

If it is weekly basis then we would be sending email invites 52 times in a year to the target respondents.

If it is monthly basis, then we would be sending email invites 12 times in a year. Or if it is quarterly (4 times a year).”

Response 24:

The same number of interviews need to be conducted each week.

“Scope of Services - General Guidelines - Specifications for the Communications Effectiveness Study - #7. The frequency of data collection for the Tracking Study is to be continuous, in that the same number of interviews will be conducted each week. There are no daily quotas.”

AND #4 “Demographic quotas are set for gender, age and ethnicity. In addition, gender and age quotas within ethnicity are required. The quotas are to be maintained monthly. There are no quotas maintained geographically.”

Question 25:

“Can you provide the list of vendors who have submitted the intent to bid?”

Response 25:

Strategic Marketing & Research, Inc.
11708 N. College, Suite 200
Carmel, Indiana 46032

HINER & Partners, Inc.
200 Pine Avenue - Suite 600
Long Beach, CA 90802

Experian Simmons
600 Third Avenue 16th Floor
New York, NY 10016

Applied Research - West, Inc.
11021 Winners Circle, Suite 208
Los Alamitos, CA 90720

Burke, Inc.
41459 Baptist Church Dr
Lebanon, OR 97355

OTX
10567 Jefferson Blvd
Culver City, CA 90232

Synovate
16133 Ventura Blvd, Suite #1000
Encino, CA 91436

Ipsos North America
600-635 Eighth Ave. SW
Calgary, AB, Canada T2P 3M3

L & J Research
6656 Dume Drive
Malibu, CA 90265

InfoTek Research Group, Inc.
2010 West Lincoln Avenue, Suite 2
Yakima, Washington 98902

HCL America
4039 Lochaber Drive
Shingle Springs, CA 95682

Question 26:

“What was the average length of time to complete the internet survey for a) lottery players, and b) non-lottery players?”

Response 26:

We do not currently conduct an internet survey for the Communications Effectiveness Study. We utilize the RDD methodology. The current survey is attached to the RFP.

Question 27:

“What was the average length of time to complete the telephone survey for a) lottery players, and b) non-lottery players.”

Response 27:

The average overall length for English language for the current Communications Effectiveness Study survey is 13 min 27 secs. The current survey is attached to the RFP.

Question 28:

“The quotas are based on 300 surveys per month, but augments are mentioned. How many total surveys were completed in calendar year 2009?”

Response 28:

There were a total of 4108 surveys completed in the calendar year 2009. 3376 English language and 732 Spanish language surveys were completed.

Question 29:

“The RFP indicates a desire for a representative sample of California residents, but indicates the use of internet surveying, except for Spanish language surveys. We have worked with a number of clients to develop representative samples and find that a mix of telephone and internet is necessary to provide truly representative samples. We have also developed very cost effective ways to provide this and feel we can do it at a cost comparable to an all internet survey. Are you willing to consider options that are not exclusively internet based?”

Response 29:

Please provide costs on the Cost Proposal Price Sheet as outlined in the RFP. Any options can be submitted as long as they are clearly denoted with a separate designation. These options will not be part of the Rated Evaluation.

Question 30:

“Based on the current survey instrument it appears there is a way to examine Current vs. Lapsed Players. Are there any specific quotas that the California State Lottery requires around Current/Lapsed players in addition to the pre-set demographic quotas?”

Response 30:

No.

Question 31:

“In the table on page 23 of the RFP, in the shaded Hispanic column, the maximum count acceptable for 18 - 34 year olds is 43, but the required minimum counts for 18 - 24 year-olds (27) and for 25 - 34 year-olds (22) totals 49. Please explain or correct.”

Response 31:

There was a typographical error in the chart. The acceptable range for Hispanics between the ages of 18 and 24 should have read “17 – 19” NOT “27 – 29”. A revised table is in the RFP Amendment.

Question 32:

“Please clarify the statement on page 23 of the RFP: “The Spanish language surveys have a gender only quota of 50-50.” Does that mean that Spanish surveys are subject only to gender quotas; that they are not subject to age quotas?”

Response 32:

There are specific quotas by gender for the Spanish-language surveys. And, there are no specific quotas by age or age within ethnicity that must be conducted in Spanish. However, in order to achieve the overall quotas by age and age within ethnicity, the numbers of Spanish-language interviews by each of these sub-groups are indirectly subject to some control.

Between the competed surveys in English and Spanish combined, the vendor must comply with the exact quotas for age, ethnicity and gender and fall into the acceptable range for age within ethnic group.

Question 33:

“How is a Spanish language respondent defined? For example, do all those able to complete a survey in Spanish qualify? Are there conditions that would disqualify a survey completed in Spanish?”

Response 33:

A survey counts towards the quota of Spanish-language surveys if it is conducted in Spanish. Spanish language surveys are only to be done for those respondents who prefer to conduct this interview in Spanish. Everyone who can read or speak some small amount of Spanish is not the intended sample of Spanish-language respondents.

Pages 54-55 of the RFP show the questionnaire screener that is currently employed.

Question 34:

“Part C: on page 86 of the RFP refers to a "special analysis." Please describe the extent of a typical special analysis and report. For example, would a special analysis pertain to one discrete segment of respondents? Would the analysis encompass one question (i.e., one table), multiple questions or essentially the entire questionnaire?”

Response 34:

The specific topic for the Special Analysis discussed under Part C of the Cost Proposal would vary from year to year depending on the marketing issues present at the Lottery. As such, there is no “typical special analysis and report”. Each year, if the Lottery decides to exercise this option, the special analysis will be different from those conducted previous years.

The Lottery anticipates that the analysis from this portion of the contract would require the use of many questions (but not all) within the Tracking Study as well as a sizeable segment of the surveyed population and possibly all respondents interviewed in the twelve month period. The analysis will likely require additional tables of cross tabulated data as well as more advanced analytical tools at least some of the time. The use of correlations, regression and/or segmentation techniques may be needed for at least some of the requested analyses.

Question 35:

“Will the Lottery make a Word version of the RFP document available for bidders to use for formatting the submission?”

Response 35:CPSS

The Lottery will not make available a Word version of the RFP document.

If you have any questions, please call me at (916) 327-1383, or email ssanchez@caLottery.com.

Sincerely,

Susana Sanchez, Contract Administrator
Contract and Procurement Services Section