



Connecticut Lottery Corporation (CLC)

Request for Proposals #CLC201703

Addendum 1

December 15, 2017

Vendor Questions and CLC Responses

1. Whether companies from Outside USA can apply for this?
(like, from India or Canada)

Yes.

2. Whether we need to come over there for meetings?

Yes.

3. Can we perform the tasks (related to RFP) outside USA?
(like, from India or Canada)

The successful proposer can possibly perform some – but not all – of the tasks outside the USA, but will be expected to maintain an office in Connecticut to service the account.

4. Can we submit the proposals via email?

No.

5. Can you please let me know who the incumbent is for this solicitation?

The incumbent advertising agency is FuseIdeas.

6. What campaign dates would you like to see on the plan?

There is no requirement for the material submitted to include campaign dates.

7. On Page 11, Part VI. Financials...

We are a privately held company and we do not provide financial information.

We could provide a letter from our accounting firm giving testament to our sound financial condition. Would that still allow us to participate in the RFP?

Financial information is required of all Proposers. As indicated in Part VI of the RFP, the Connecticut Lottery Corporation (CLC) requests that financial statements be provided in order to ensure that the successful proposer is financially sound and stable. Each proposer must provide:

- A. Audited financial statements for the last three (3) fiscal years. If audited statements are unavailable, provide unaudited financial statements PLUS complete federal tax returns for the last three tax filing years; and*
- B. If the Proposer is a subsidiary of another company, the financials for the parent company for the same periods must be provided with the Proposer's statements.*

The Proposer's Chief Financial Officer must sign and date a statement that the financial statements provided were prepared in accordance with generally accepted accounting principles ("GAAP") accepted in the United States of America and fairly represent the financial condition of the Proposer as of the Submission Date.

These financial statements will be kept confidential, as they are exempt from the Freedom of Information provisions under the CLC's enabling statutes in C.C.G.S. §12-810(a)(2). This section is pasted below:

Sec. 12-810. Compliance with Freedom of Information Act. Exceptions. (a) The Freedom of Information Act, as defined in section 1-200, shall apply to all actions, meetings and records of the corporation, except (1) where otherwise limited by subsection (c) of this section as to new lottery games and serial numbers of unclaimed lottery tickets, and (2) with respect to financial, credit and proprietary information submitted by any person to the corporation in connection with any proposal to provide goods, services or professional advice to the corporation as provided in section 12-815.

8. Public Relations is listed as “may be required.” Should these services be factored into the overall pricing, or will they be in addition to and as needed?

Public Relations services should be priced on an as-needed basis.

9a. Facilitating CLC marketing research studies is listed as “may be required.” Should these services be factored into the overall pricing, or will they be in addition to and as needed?

Yes, the action of developing and managing marketing research studies should be factored into the overall pricing.

9b. If they are to be included, please define scope of services.

The management and coordination of marketing research studies undertaken by the successful proposer are the responsibility of the successful proposer. Any sub-contracted research expense (surveys, focus groups, etc.) should be priced at cost on an as-needed basis. Audience research related to specific initiatives anticipated to be undertaken during this contract, such as Branding, iLottery, player loyalty program, etc., are expected to be sub-contracted and managed by the successful proposer (or conducted and managed by the successful proposer, if capable). These research costs will be managed by the CLC. It is anticipated that the CLC will manage and conduct research studies on game concepts, and these initiatives fall outside the scope of this contract.

10. Can an Agency propose additional services (not required as part of the RFP) that may be beneficial to the CT Lottery as part of our response?

The CLC will consider all forms of advertising and marketing.

11. Can you please confirm that Keno marketing should be included in this RFP response (and would not come out of a separate budget.)

Keno support will be included in the advertising and marketing efforts under this contract. Keno marketing expenses will not come out of a separate budget.

12a. Please define Corporate Relations as it relates to the budget.

12b. On page 31 in appendix B, please define “corporate relations.”

12c. Appendix B (page 31): Please describe for what activities the “corporate relations” budget is used.

The Corporate Relations line item in the budget refers to sponsorships, Responsible Gaming initiatives, promotional merchandise, printing of the annual report, and other miscellaneous corporate expenses.

13. Has the projected marketing budget for the next three years been determined yet? If so, can you share?

Only the FY18 budget has been determined. Annual budgets are proposed to, and approved by, the CLC Board of Directors in May of each year.

14. When did the CLC conduct their last segmentation study?

The last segmentation study was conducted in 2008.

15. Are there plans to do another one soon?

The CLC anticipates conducting an ongoing segmentation study beginning in FY19.

16. Is the video case study in addition to, or in lieu of a written case study?

If by "video case study" you mean a menu-formatted and narrated DVD or link (see Part IX Section A, Tabs 2, 3 and 4) please note that both the DVD or link AND a written version must be submitted.

17. Can CLC share a breakdown of YOY revenue by audience segments, demographics and regions to allow agencies to determine the overall audience acquisition and revenue goals? This would allow us to better dimensionalize the scope of the task and allow us to size the appropriate audience and revenue which needs to be as surgical, efficient and effective as possible.

The CLC does not maintain the information as described.

18. Is CLC able to track sales by product by zip code?

Yes.

19. Does CLC have a more concrete metric for success (% demo increase, ROI goal)?

The CLC uses a variety of metrics to measure success, among them are ROI and year-over-year increases in contributions to the General Fund.

20. 2017 had three of the top 20 Powerball Jackpots in history, yet revenue was off 26% from last year and -15% from 2016. To what does CLC attribute these losses?

2016 had more big jackpots than 2017.

Powerball sales are jackpot-driven – the higher the jackpot, the higher the sales. In 2017 three jackpots surpassed \$400 million, with the highest being \$700 million. In 2016 four jackpots surpassed \$400 million, including the record \$1.5 billion jackpot.

21. Since Powerball and Mega Millions are “national” games, does CLC have less of a spend priority than games that are “pure CT”? How do these dollars shift as Powerball and Mega Millions lotteries grow?

The fact that a game is “national” or “pure CT” doesn’t factor into the marketing decisions. Advertising and marketing expenditures are designed to support games in anticipation of generating sales, regardless if a game is “national” or not.

Powerball or Mega Millions advertising often increases when their jackpots grow above a certain level.

22. Who do you consider CLC’s main competition?

22. Who is your competition?

The CLC is competing with all forms of entertainment for the customers’ discretionary dollars.

23. As mentioned, Millennial/emerging audiences are crucial to long term growth of CLC. The importance and influence of Social Media cannot be understated for this audience. Beyond paid posts and other paid tactics, who is responsible for scheduling, creating and posting “organic” social content on CLC’s owned social media platforms (Facebook, Instagram, Twitter)?

The CLC has staff that are responsible for generating and posting content.

24. Is this done internally by the CLC or part of the assignment and business to be awarded?

While this is currently done internally, the CLC welcomes all proposers to provide their recommendations for scheduling, creating and posting “organic” social content on the CLC’s social media platforms. Ideally, the CLC will work with the successful proposer to coordinate the social media marketing effort.

25. How does CLC allocate media as function of weeks since last winning and the winning payoff?

The CLC does not allocate media according to those parameters.

26. How does CLC allocate media as function of Income vs. payouts (by week)?

The CLC does not allocate media according to those parameters.

27. Does media change as a result 25) and 26)? What is the elasticity: media spend to income?

The CLC does not allocate media according to those parameters.

28. How does CLC identify different player segments? Weekly, Monthly, Yearly?

The CLC considers that information Proprietary and Confidential and will share that information with the successful proposer as a matter of our regular course of business.

29. Does CLC have this data by game? What percentage of sales for each game comes from Weekly, Monthly, Yearly segments?

The CLC considers that information Proprietary and Confidential and will share that information with the successful proposer as a matter of our regular course of business.

30. What is the percentage in each group by age? For example, in the youngest age group, you would expect to see the fewest weekly players.

The CLC considers that information Proprietary and Confidential and will share that information with the successful proposer as a matter of our regular course of business.

31. Do you have any data on the length of time that a player stays a weekly player?

No.

32. Do you have any sense of the churn of the weekly player segment?

No.

33. What is the correlation between type of game and the play frequency?

The CLC considers that information Proprietary and Confidential and will share that information with the successful proposer as a matter of our regular course of doing business.

34. For each game, do the sales ratios match the frequency ratios?

The CLC does not maintain the information as described.

35. What is considered the “entry level” game for Monthly or Yearly players?

The CLC does not track this information.

36. How directly are Monthly/Yearly players motivated by “prize amount”? At what dollar amount do you see action?

Infrequent Powerball and Mega Millions players often participate when the jackpot levels are high (over \$200 million).

37. What data do you have on the migration of players within the different games? If a player starts as a scratch off player, do they migrate to other games? With the same frequency or with less frequency?

The CLC does not track this information.

38. On page 1, Part I, as a “quasi-public agency”, who are the decision makers for new campaign initiatives, ad creative, etc.?

The decision makers would be CLC internal executive staff.

39. On page 19, Part X: Scope of Advertising Services/General Objectives, will any aspect of sponsorship management (contracts, creative, etc.) be part of the new agency partner’s responsibilities? What is your current process for vetting/approving sponsorships?

It is expected that the successful proposer will review and recommend pertinent sponsorship opportunities to the CLC for our consideration and approval. If the CLC agrees to the sponsorship, the successful proposer is responsible for negotiating the terms, monitoring the successful fulfillment of the sponsorship as per the contract, and

coordinating the development and execution of any and all advertising and marketing materials required of the sponsorship.

40. Does creative go through concept testing, and do you have an insight community in place for surveying, concept testing, etc.?

Some, but not all, creative concepts will be tested prior to execution and launch.

The CLC does not have an insight community. However, the CLC expects that members of the CLC Player Loyalty Program (anticipated to launch in early 2019) can serve as a database for such purposes.

41. What was the promotional/advertising support for the Giants and Patriots scratch-off games?

Television, radio, POS, social media, digital, outdoor, CLC website, retailer monitor messaging, promotional events.

42. Do you mandate a specific annual expenditure (dollars and/or percentage of overall budget) with MBEs?

No.

43. What is your compensation agreement with your current agency?

Not relevant. The CLC will not respond to any questions relating to the current advertising vendor as part of the RFP clarification aspect of this procurement.

44. How do you measure the impact of media spend?

Sales performance.

45. Could you provide your media plan for the last three years?

No. The CLC is relying on our advertising and marketing partner to provide us with the direction and scope of how to best achieve our objectives based on what is outlined in this RFP.

46. What in-house capabilities do you have (Creative, Media, PR, Metrics/Analytics)?

The CLC has internal design and PR capabilities.

47. What percentage of your players are Connecticut residents? What is the breakdown of game players by state?

The CLC does not maintain the information as described.

48. What do you see as the biggest shortcomings of current marcom efforts/agency partners?

The CLC will not respond to any questions relating to the current advertising vendor as part of the RFP clarification aspect of this procurement.

49. How would you describe your relationship with news media throughout the state?

It varies by reporter and topic.

50. How do you currently handle relationship building with the media?

We reach out to the media when we have an issue of importance that needs visibility.

51. Is that handled by an in-house team or agency partner (or is it a shared responsibility)?

Our public relations duties are handled in house.

52. Are there specific types of stories about the Connecticut Lottery Corporation that aren't being covered by media across the state that you would like to see covered?

Yes. Stories about prize winners, General Fund transfers, amounts won by players, stories about the corporation, awards won by the CLC, and Responsible Gaming are all topics that the CLC would like to gain more visibility in the media.

53. What, if any, other state lottery marketing campaigns do you believe represent best-in-class creative work?

53. On page 12 section C, it states you are looking for an "agency capable of developing breakthrough work" and on page 13, it states that the CLC seeks an agency that will

“generate sales by delivering breakthrough creative”. Could you describe what you mean or provide examples of the above phrases?

By “breakthrough work” we mean campaigns that enhance the CLC’s brand image and reflect positively on the CLC just by the manner of their construction. The use of novel techniques, ad placements, visual elements, colors, sizes, actions.

Examples include the Minnesota Lottery’s “Vikings” ticket marketing effort

https://www.mnlottery.com/games/scratch_games/vikings/

The Minnesota Lottery’s “Minnesotans Play Scratch Tickets for the First Time” video

<https://www.youtube.com/user/MinnLottery>

the California Lottery’s “Pennies” TV commercial

<https://www.youtube.com/watch?v=wax7TOrpzA>

the Washington Lottery’s “Jousting Segways”

<https://www.youtube.com/watch?v=xSVQsyZLtKq>

the New York Lottery’s “Cash Court” 120-second commercial

<https://www.youtube.com/watch?v=AsybO-In3vM>

and the Colorado Lottery website’s “Free Play Zone”

<https://www.coloradolottery.com/en/games/play-free-digital-games/>

Recent CLC work that bears mentioning includes the Win for Life and Cash5 television commercials.

<https://www.youtube.com/watch?v=QJiACyEpJOQ>

<https://www.youtube.com/watch?v=pkf3EPVo5nU>

54. Do you have a social media strategy in place outlining purpose and goals for each platform?

No. The CLC is relying on our advertising and marketing partner to provide us with the direction and scope of how to best achieve our objectives based on what is outlined in this RFP.

55. Will you share social analytics data for each platform?

We consider that Proprietary and Confidential and will share that information with the successful proposer.

56. Is the current performance of each platform meeting your needs/expectations?

No. We’d like to see more engagement on Facebook, and more Facebook followers.

57. Do you have existing audience research, such as brand perception studies, segmentation or personas? If so, will you share?

We consider that Proprietary and Confidential and will share that information with the successful proposer.

58. Are there specific audiences, geographic regions or seasons that you have identified as sales growth opportunities?

Yes – Millennials.

59a. What have been some of the most successful game promotions/campaigns in the past? Why?

We are currently running a year-long promotion featuring our Cash5 draw game that has been markedly successful. Cash5 is a game that our customers enjoy regularly. This fiscal year we dedicated a year-long promotion to support the game, where players were provided a free Cash5 ticket with their purchase of five boards on a Powerball, Lotto, Mega Millions or Lucky for Life ticket. Cash5 also received advertising support. As a result, Cash5 sales to-date reflect a measurable increase year-over-year.

59b. Have any of these been specifically targeted to the 18-34 group, and if so, to what effect?

Four years ago we attempted to help grow our Lotto game by positioning it as a game of interest to texting Millennials. A television commercial was produced that featured young adult actors texting each other about the game. The game never realized an increase in sales from the Millennial target as a result.

60. What is the timing for the launch of the online Player Loyalty Program?

The Player Loyalty Program is anticipated to launch in January 2019.

61. Has a technology solution been determined for the Player Loyalty Program?

No.

62. What is the timing for the launch of the Connecticut iLottery suite of games?

The CLC hopes that the approval of iLottery commerce by the State of Connecticut legislature will occur sometime over the next few years. The launch of the CLC's iLottery program will occur sometime within the year following approval.

63. Has a technology solution been determined for the iLottery services?

No.

64. What prompted the decision to conduct the request for proposals?

Business needs.

65. How many agencies are you currently working with for the services outlined in the RFP?

One.

66. Is the incumbent agency eligible and are they participating in this RFP?

66. Is there an incumbent agency participating in this review process?

Yes, the incumbent agency is eligible to submit a proposal. All qualified vendors are invited to bid.

Until the CLC reviews all received proposals (proposals are due on January 9, 2018) we cannot confirm the participation of any vendors.

67. When was the last time you did research? Can you share the insights?

We are constantly conducting research. We consider our research Proprietary and Confidential and will share that information with the successful proposer.

68. When was your brand last updated?

January 2000.

69. Who worked on the current brand?

Cronin and Company.

70. What are your priority markets?

The CLC has several markets of interest, but those with the greatest priority include core players, new players and retailers.

71. In Appendix A on page 30, can you also provide the demographic segmentation and market performance for the sales revenue by game?

We consider that Proprietary and Confidential and will share that information with the successful proposer.

72. Part IV, section D (page 9) asks us to define any known related party relationships between the proposer and CLC director, officers or employees. Can you please be more specific in letting us know the types of “relationships” you are looking to know about?

Please include any and all relationships..

73. Part VII, section C (page 12) you lay out your summary of wants, needs and expectations. Can you please provide us with a few examples of government, quasi-government or private institutions that in your view are running the kind of quintessential marketing campaign you describe?

We are relying on our advertising and marketing partner to provide us with the direction and scope of how to best achieve our objectives based on what is outlined in this RFP. However, for examples of good marketing campaigns please refer to the response to question #53.

74. Are you currently contracting with any market research firms or other vendors who are providing you with regular market, messaging or reputation research data?

No.

75. What kind of market, messaging or reputation research has CLC conducted in the past 3-5 years? What types of methodologies have been employed? What's been learned? How useful has it been for the organization?

We consider our research Proprietary and Confidential and will share that information with the successful proposer.

76. Do you expect agencies responding to this RFP to provide research budget dollar estimates, and would you expect that budget to come out of the dollars allocated towards the media buys?

Research costs are covered under their own line item in the CLC advertising and marketing budget. Those monies do not come out of the dollars allocated to the media buys.

77. Part III, Section A.2 (page 8): Do we need to provide one binder with ten copies of the documents? Or 10 separate binders with all information included?

The CLC expects that the proposers will provide 11 separate binders of their proposal (one original and 10 copies) with all information included, as explained in Part III, Section A.1 (page 8).

78. Part IX, Section A, Tabs 3 and 4 (pages 16-17): Please clarify what you mean by "case histories must be from the office submitting the proposal" and "media case histories must be from the office submitting the Proposal." Does this mean the lead agency? Or does this mean the case histories and media case histories must be from the specific office from the agency that would lead this work for CT Lottery?

The case histories and media case histories must be from the specific office from the agency or agencies that would be conducting this work for the CLC.

79. To address the requirements outlined in Part VII. A (page 12), is the CLC willing to provide existing player engagement data to aid in targeting specific demography or player groups, or is the successful vendor required to conduct research to make those determinations?

The CLC will provide the successful proposer with demographic and product purchase research findings. But the CLC expects that the successful proposer will supplement that with any additional research that they recommend as required.

80. (Part VII, Section A; Page 12) Citing listed challenges of increasing player frequency and re-engaging lapsed players, are there existing databases that can be used to inform targeting in this regard?

No.

81. What defines a lapsed player? (How many months need to have passed?)

A lapsed player is anyone that hasn't played the CT Lottery in six months or more.

82. CT lottery ticket seller/locations data available for use in targeting?

Yes – that information is available and we will share that information with the successful proposer.

83. (Part VII, Section B; Page 12) What site analytic tools are currently being used? (I.e. Google Analytics, Omniture, etc.)

Google Analytics, Sprout.

84. (Part VII, Section C; Page 13) With increased sales as an objective, what is the KPI which will evaluate day-to-day performance?

Year-over-year sales performance.

85. (Part VII, Section C; Page 14) Does the CLC currently have an incumbent agency partner? If so, what media planning/buying tactics are utilized?

The incumbent agency is Fuseldeas. Regarding the media planning/buying tactics utilized, the CLC is relying on our advertising and marketing partner, selected as a result of this RFP process, to provide us with the direction and scope of how to best achieve our objectives based on what is outlined in this RFP.

86. Does the CLC utilize the efforts of one or more Demand Side Platforms (DSP's) or does it prefer to buy media directly?

No, the CLC does not utilize DSP's.

87. (General Question) What social media platforms does the CLC currently make use of from both a paid and organic standpoint?

The CLC uses Facebook, Instagram, Twitter and YouTube in both paid and organic methods.

88. (Part IX. Proposal Content Details: Tab 3 and Tab 4) Is the expectation that all four case histories be submitted in narrated video form as well as written form?

Yes.

89. (Part 1.F. Page 3) RFP says the initial contract would be 3 years with a 5 year option by CLC. Does this contract have to be put out to bid after 3-8 years?

The contract must be put out to bid if the contract has run its full course of eight years (three years plus all five one-year options). The contract can be put out to bid at any time after the initial three-year period is concluded, or earlier if terminated by its terms.

90. If so, how long has the incumbent agency been handling the CLC account?

The incumbent agency has been handling the CLC account since July 2013.

91. (Part 1.F. Page 3) What is involved in this process: Proposer and its key employees obtaining vendor and occupational licenses from the Connecticut Department of Consumer Protection, the CLC's regulatory agency.

Please see Part XIII, Section I.

92. (Appendix B. Page 31) Is it intended that the entire FY 2018 budget detailed on page 31 of the RFP flow through the primary agency, or are some line items earmarked for other agency partners?

Some of the budget is anticipated to be managed by the CLC. If an individual Public Relations agency or Multi-Cultural advertising agency is hired as outlined in this RFP then they would also be managing some of the budget.

93. (Page 31, Appendix B) Does the budget for “Primary Advertising Agency Service Fees” include Media commission?

No. Media costs are to be billed to the CLC at net, without any agency commission.

94. Under Part I. E., it is suggested that ‘Collaborative Proposals’ will be accepted. However, Part VIII. A.2. indicates a minimum of \$10,000,000 in billings for the current calendar year.

Question: May the submitting agency use a combination of billings of “partnering” entities for calendar year 2017 to meet the \$10 million criteria?

No. The lead agency must have \$10 million in 2017 billings. Please see Part VIII of the RFP.

95. Part III. A. 2.7&8

Question: Will an agency who has Public Relations & Multi-Cultural Advertising capabilities in-house be graded/scored higher than an agency that partners with an outside Public Relations and/or Multi-Cultural firm?

Evaluation will be in accordance with the RFP.

96. Will an agency who strategically decides to pass on submitting either a Public Relations or Multi-Cultural component to this RFP be penalized on its grade/score?

Evaluation will be in accordance with the RFP.

97. Part III. A. 2.3

Question: Will agencies with prior gaming experience, particularly STATE LOTTERY experience, be graded/scored higher than those with no gaming/STATE LOTTERY experience?

Evaluation will be in accordance with the RFP.

SPECIAL NOTICE

Please note that the wrong section was referenced on page 3 of the RFP. Page 3, Section E, last line of the first paragraph states “Part VII Technical Requirements” but it should say “Part VIII Minimum Agency Qualifications”.