



M E M O R A N D U M

Date: March 25, 2021

To: California State Lottery Commission

From: Alva V. Johnson, Director 

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Subject: Item 8(a) –Communications Effectiveness Tracking Study Services Contract Award

ISSUE

Using an independent full-service market research firm, the California State Lottery (Lottery) conducts a continuous Communications Effectiveness Tracking Study (Tracking Study) to satisfy several requirements set by the Lottery Act. The current Lottery contract for the Tracking Study services expires on August 22, 2021.

BACKGROUND

The Tracking Study fulfills requirements from sections 8880.40, 8880.44 and 8880.45 of the Lottery Act. To meet these requirements, survey data is collected on measures to determine the effectiveness of Lottery marketing efforts, opinions of Californians about the Lottery and its products, and the demographics of players and non-players. This study has been conducted by an independent firm for more than 30 years.

With approximately 3,600 surveys completed each year, the Tracking Study data has served as a rich resource for the Lottery. Some of the key metrics the Tracking Study measures and trends are awareness of and attitudes towards the Lottery, its games, and its advertising as well as the incidence of buying Lottery products. Because its sample is designed to represent the total California adult population and interviewing occurs on a weekly basis, this study is the organization's best source of information about Californians' thoughts, feelings, and behaviors related to the Lottery and how these may move in response to product changes and marketing efforts.

Here are a few examples of the ways the Tracking Study is used to provide insights beyond sales data and help the Lottery assess its past and plan for its future:

- Measuring consumer perceptions and behavior about using Scratchers tickets as gifts in response to the Scratchers holiday campaign
- Analyzing periods with very high jackpots in terms of changes in awareness of the jackpot amount, consumer perception of the jackpot being bigger than average, and purchase behavior for that draw

The current Tracking Study contract with Alter Agents was originally awarded after a competitive procurement in 2016 and is set to expire on August 22, 2021. To continue meeting the Lottery Act requirements and business needs, a new RFP was issued.

DISCUSSION

On December 9, 2020, the Lottery posted Request for Proposal (RFP) #50140 on its public website, a statewide procurement site (Fi\$Cal), and sent an announcement regarding the release of the solicitation to 72 potential bidders using the Lottery's Contract Development Services and Business Planning databases. The Lottery received six proposals by the January 29, 2021 deadline.

Pursuant to Lottery procurement policies and procedures, the evaluation of the proposals involved a three-phase process as detailed below.

1. Mandatory Submittals Review

Bidders were required to complete and submit: a transmittal letter, resume forms of proposed Lottery account members, a cost proposal, Certification, and Confidential General Contractor Disclosures. All proposals passed the Mandatory Submittals Review and advanced to Rated Submittal Evaluation.

2. Rated Submittal Evaluation

Proposals were rated by the evaluation team, using the criteria set in the RFP. The Rated Submittals were evaluated using ratings of Superior, Significantly Exceeds, Exceeds, Meets, Meets with Exceptions, and Does Not Meet. Each proposal was rated and allocated points for four categories (as described below) which totaled to a maximum of 160 points in the Rated Submittals section. In order of importance, the categories rated were:

Rated Submittal Section	Maximum Points
Research Design, Survey Strategies, and Sample Management	80
Project Management and Deliverables	40
Key Personnel Qualifications	28
Proposer and Subcontractor Corporate Qualifications	12
Rated Submittal Evaluation: Total Points Possible	160

Three of the six bidders received at least a minimum score of “Meets” or 80 points in the Rated Submittal Evaluation and advanced to the Cost Proposal assessment. Alter Agents received the highest score in this section.

3. Cost Proposal Assessment

For the Cost Proposal Assessment, an evaluation team calculated a weighted estimate of the three-year budget for the Tracking Study based on the Bidders’ Cost Proposals. A formula was applied based on how the bidder’s cost compared to the average cost of all qualified bidders with lower prices being awarded more points. The maximum score in this section was 40 points. Alter Agents also received the highest score in this section.

In accordance to the point systems of both sections outlined in the RFP, a total tally of points was calculated. The best value proposal is the vendor with the highest number of points.

Alter Agents’ proposal was highly competitive and provides the Lottery with the best overall value. Their proposal was extremely thorough, provided detailed support for their recommendations, included several layers of transparency, and demonstrated a deep understanding of the Lottery’s needs for a quality and representative sample of California adults. As a result, the Lottery determined Alter Agent’s will provide the Lottery with a sample that is valid, reliable, and the most accurate representation of California adults.

In addition to receiving the highest score in the rated submittals, Alter Agents was the lowest cost bidder and received the most points in the cost section. Alter Agents is also a certified Small Business. As a result of the evaluation, the Lottery determined that Alter Agents will maximize value due to their experience, actionable information, performance, and price.

Alter Agents was announced as the apparent successful bidder for this solicitation on February 19, 2021. The intent to protest period ended March 2, 2021 with no protests received. The execution of the agreement is pending the successful completion of the General Background Disclosures and the California State Lottery Commission (Commission) approval.

RECOMMENDATION

Based on the evaluation, Lottery staff recommends that the California State Lottery Commission approve the award of the Communications Effectiveness Tracking Study Services contract to Alter Agents, with an effective date of May 1, 2021. The contract will be for three years with a total expenditure authority of \$1,025,000 and will have an option to extend for up to two additional one-year periods.