



M E M O R A N D U M

Date: May 28, 2020

To: California State Lottery Commission

From: Alva V. Johnson *AVJ*
Director

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Subject: Item 8(e) - Extension of Asian Market Advertising Services Contract

ISSUE

The Contract between the California State Lottery (Lottery) and Time Advertising (Time) will expire on November 7, 2020. The Lottery has the authority to exercise a one-year option to extend the Time contract and continue to receive Asian market advertising services.

BACKGROUND

As a result of formal solicitation in 2015, the California State Lottery Commission (Commission) awarded Time a five-year contract in Asian market advertising services with the option to extend for two one-year extensions with an initial contract expenditure authority of \$21 million.

DISCUSSION

Time is responsible for assisting the Lottery in overall market analysis, strategy development and positioning of the Lottery and its products for the Asian market in California. Over the course of the contract, Time has provided a consistently high level of service. Extending Time's contract will ensure that the Lottery obtains the desired strategic direction and tactical execution to address this segment in a relevant and effective manner through November 7, 2021.

The Lottery seeks approval to exercise the first available one-year contract extension option. Time provides the resources required for the development of marketing and advertising plans and programs, along with the creation and production of in-language

advertising assets that communicate directly with Asian consumers in California. Exercising the first one-year contract extension option will enable the Lottery to continue critical marketing efforts that support the Lottery's sales growth momentum without interruption.

Staff is currently conducting the African American Marketing Agency Services Request for Proposal (RFP) and is also preparing for another RFP. Due to the overlapping timelines, time, effort, and expense associated with issuing an RFP, evaluating proposals, awarding a contract, and if necessary, on-boarding a new vendor, Lottery staff does not recommend starting an RFP for a new Asian Advertising Services Contract at this time.

The Lottery estimates that approximately \$5.6 million of the current expenditure authority of \$21 million remains, which is estimated to cover Time's marketing and advertising services during the extension period from November 8, 2020 to November 7, 2021.

RECOMMENDATION

Lottery staff recommends that the Commission approve a one-year extension to Time for Asian advertising services with a new contract end date of November 7, 2021. No additional funds are needed; therefore, the maximum authorized contract expenditure amount will remain at \$21 million.