Date: September 19, 2023

To: California State Lottery Commission

From: Alva Johnson, Director

Prepared By: Jim Hasegawa, Deputy Director
Business Planning and Research

Subject: Item (8d) – Advertising Tracking Services Contract

ISSUE

The California State Lottery (Lottery) is requesting approval to enter into a four-year agreement with Ipsos Limited Partnership (Ipsos) for advertising tracking services. The contract term will begin November 1, 2023, and will end November 1, 2027, totaling $860,000 with two optional one-year extensions.

BACKGROUND

The Lottery relies on post-testing research to provide insights into the recognition and effectiveness of its multi-media campaigns. In addition to television, the Lottery supports its products with a full line of media channels, which includes radio, online media, out-of-home (OOH) materials and print. Advertising tracking services monitor and analyze each of the various media channels. For over 10 years, the findings from these advertising tracking studies have provided the Lottery with accurate data and insights about the recall, perceptions, and effectiveness of Lottery advertising among California adults and Lottery players.

The current contract for these services is set to expire on October 31, 2023. Therefore, the Lottery issued a new solicitation for these research services as it is critical in evaluating and optimizing advertising efforts in terms of recall, product linkage, emotional connection, and call-to-action associated with the Lottery.

Additionally, these services help meet requirements stated in section 8880.45 by performing ongoing studies evaluating the effectiveness of Lottery communications.

DISCUSSION

On May 25, 2023, the Lottery posted Request for Proposal (RFP) R001439 on its public website and the California State Contracts Register (CSCR) and sent an announcement regarding the release of the solicitation to potential proposers obtained from the Lottery's vendor databases and lists of top research vendors that might be interested in responding to the RFP. The RFP invited responses from qualified vendors to conduct advertising tracking services to help measure the effectiveness of the Lottery's media campaigns.

The Lottery received six proposals by the July 10, 2023 deadline.

Ipsos provided the strongest overall proposal compared to the other submitting vendors while offering reasonable costs. Not only was Ipsos the only vendor to receive a "Significantly Exceeds" in any of the four rated submittals sections, but they also received this score in the top three weighted sections – "Corporate and Personnel Qualifications", "Research Design", and "Analysis & Reporting". As such, Ipsos received the most points in the rated submittals portion of the evaluation. Ipsos is the third largest market research firm in the world, with experience conducting similar services for over 2,000 campaigns including within the lottery industry. Ipsos' proposal had the strongest methodology proposed for measuring recall, brand link, and message clarity through unaided and de-branded prompts. Additionally, the extended diagnostics module proposed included facial coding which would provide the richest insights into optimizing the tested ads. Ipsos has an extensive normative database that the California Lottery ad performance could be compared to which is the preferred method to analyze the effectiveness of the advertising elements. Ipsos also proposed several added-value elements including providing insights from larger data mining from their pre- and post- ad testing results to understand creative and media dynamics that would benefit the Lottery's future campaigns and flighting. Ipsos clearly demonstrated how the reporting would go beyond just reporting the data but would provide rich insights and learnings. Ipsos received a "Meets" in the "Project Management and Schedule" section, proposing acceptable timetables, project management techniques, and collaboration processes to be employed throughout the duration of the contract.

In the Cost Proposal evaluation, Ipsos costs were just 7% higher than the lowest bidder.

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

A maximum authorized contract expenditure amount of $860,000 was developed based on an analysis of historical research needs and requirements, and anticipated research needs. The expected costs from the proposed agreement averages to a 10% increase in costs per project compared to the current contract. Given that the current contract pricing was set back in 2018, this expected cost increase is reasonable and reflective of the

larger research industry's pricing trends and the more specialized research techniques and analysis to be employed in the new contract.

RECOMMENDATION

The Lottery recommends that the California State Lottery Commission approve the award of the Advertising Tracking Services Contract to Ipsos, with a contract term of November 1, 2023 through October 31, 2027 (with two optional one-year extensions), and an agreement amount not to exceed $860,000.