



M E M O R A N D U M

Date: January 25, 2024

To: California State Lottery Commission

From: Harjinder K. Shergill-Chima *HKC*
Director

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

Subject: Item 8(b) – Communications Effectiveness Tracking Study Contract
Extension – Alter Agents

ISSUE

The California State Lottery (Lottery) seeks California State Lottery Commission's (Commission) approval to add additional funds and extend the agreement with Alter Agents for one year. The agreement between the Lottery and Alter Agents will expire on May 31, 2024. The Lottery has the authority to exercise a one-year option to extend the agreement and continue to receive Communications Effectiveness Tracking Study (Tracking Study) services. The approval to extend the agreement term for one year, extending the expiration date to May 31, 2025, will require an additional \$575,000, raising the maximum authorized expenditure amount from \$1,025,000 to \$1,600,000.

BACKGROUND

The Tracking Study fulfills requirements from sections 8880.40, 8880.44 and 8880.45 of the Lottery Act. Section 8880.40 states that the Lottery is to conduct an ongoing study of "the reaction of citizens of the State to existing or proposed features in Lottery Games." Section 8880.44 requires the Lottery to "engage an independent firm experienced in demographic analysis to conduct a special study which shall ascertain the demographic characteristics of the players of each Lottery Game." Section 8880.45 requires that the Lottery perform a special study from time to time as determined by the Director to analyze the effectiveness of communications such as "advertising, promotion, public relations, [and] incentives" so that the Director can recommend the "future conduct and future rate of expenditures for such activities" to the Commission.

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. In a typical year, approximately 5,000 surveys are completed.

DISCUSSION

A formal competitive solicitation for the Tracking Study was conducted in 2021 resulting in a 3-year base agreement term expiring May 31, 2024 with two, optional one-year extensions.

Over the agreement term, Alter Agents has provided the Lottery with essential and accurate data and insights about the attitudes, behaviors, and demographics of California adults and Lottery players. The one-year extension uses already agreed upon pricing from the original contract awarded in 2021. This is a cost savings to the Lottery as research costs have increased over the past three years. Therefore, the Lottery requests approval to execute the first one-year extension option and add \$575,000 to the maximum agreement amount.

RECOMMENDATION

The Lottery recommends that the Commission approve the Tracking Study agreement extension with Alter Agents by exercising a one-year extension option and adding \$575,000 in funding, raising the maximum agreement amount to \$1,600,000