



## M E M O R A N D U M

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**Date:** June 29, 2023

**To:** California State Lottery Commission

**From:** Alva V. Johnson, Director *AVJ*

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Sales & Marketing Division

**Subject:** Item 9(g)– Asian Consumer Market Advertising Agency Contract

**ISSUE:**

The California State Lottery (Lottery) is requesting approval to enter into a contract with Intertrend Communications (Intertrend) for Asian consumer marketing and advertising services.

**BACKGROUND:**

The Lottery currently markets its products within the Asian consumer market (ACM) and relies on a variety of Asian media and content platforms that include TV, video, radio, digital, social media, newspaper ads, and sponsorships to reach these consumers. As the fastest growing ethnic segment within the state, the ACM is an important segment for the Lottery.

To continue to reach California's growing Asian population, the Lottery needs a marketing and advertising agency partner that can provide deep insights about the adult ACM within the state and work collaboratively with Lottery marketing staff and other partner agencies to develop breakthrough advertising that leverages these insights.

The Lottery requires an agency team capable of developing breakthrough work and integrated marketing communications solutions that will successfully elevate its brand, motivate Asian market customer engagement, and promote product purchases.

The Lottery's current ACM advertising and marketing contract expires in August of 2023. In anticipation of the contract expiration, the Lottery released Request for Proposal (RFP)

#R000839 on November 21, 2022, to solicit bids for a new contract for ACM advertising services. The RFP provided a detailed description of the solicitation process, minimum contractor qualifications, solicitation projected timetable, evaluation criteria, and draft contract terms and conditions.

The RFP was posted on Lottery's public website and the California State Contracts Register. Additionally, a notification of the RFP was sent to the database of Lottery's vendors and a nationwide list of Asian advertising and marketing agencies to increase the number of potential proposers. The Lottery also advertised the RFP in industry specific websites and trade publications.

### **DISCUSSION:**

The RFP process consisted of three phases, each with a diverse Lottery evaluation team comprised of members of the Sales & Marketing program, as well as representatives from Procurement Services and Support. The first phase focused on agency capabilities and current samples of work. The second phase consisted of agency site visits that served as a further verification of services and professional chemistry and culture check. The third phase focused on a work assignment and evaluation of the agencies' staff plan and compensation proposals.

#### **Phase I**

Phase I was open to all agencies and joint ventures that met specified minimum qualifications associated with the number of years of experience performing ACM advertising and marketing services, minimum billings and some basic business requirements (e.g., licensed to do business in California, etc.). Agencies were required to submit background information and recent case studies that showcase the agency's ACM expertise and demonstrates that the agency has the strategic and creative skills the Lottery seeks. Six agencies submitted responsive proposals: 1) AAAZA; 2) APartnership; 3) Intertrend Communications; 4) TDW+Co; 5) Ten Advertising; 6) Time Advertising. All six agencies were evaluated and advanced to Phase II.

#### **Phase II – Semi-Finalist**

The semi-finalist phase included on-site meetings between the Lottery evaluation team and the semi-finalists. The objective of these meetings was to provide each agency the opportunity to give the evaluation team a sense of its company above and beyond the written work and description of credentials that were submitted and evaluated in Phase I. Additionally, the evaluation team met with agency staff to assess their experience, knowledge and qualifications as well the breadth and depth of their resources. There was

also an assignment to gauge each agency's strategic process and evaluate the agency's interest and commitment to Lottery business. The following three agencies advanced to Phase III, or the finalist phase: 1) AAAZA; 2) APartnership; 3) Intertrend Communications.

### Phase III – Finalist

The three finalists were asked to prepare and present a Lottery-specific work assignment, which was developed to assess each finalist's skills and capabilities in research and analytics, strategy, creative development, and media planning and buying. Finalists provided a staff plan and compensation proposal that demonstrated how they would staff the Lottery account and their respective compensation requirements, which were evaluated on both a stand-alone and comparative basis

### Best-Value Analysis

Following the final work assignment presentations and review of the staff plan and compensation proposals, the evaluation team performed a best-value analysis to determine which agency proposal would provide the Lottery with the maximum benefits in the areas of competence, experience, qualifications, performance, resources, services and tools, and price.

As a result of this analysis, the evaluation team determined that Intertrend would provide the Lottery with the best value in all the desired areas. Founded in 1991 and headquartered in Long Beach, California, Intertrend is a full-service, multicultural advertising and marketing communications agency focused on the Asian American consumer segment.

Intertrend demonstrated the ability to provide impactful marketing solutions which allow the Lottery to achieve its goal of motivating the Asian consumer in an innovative and effective way, elevating the Lottery brand, driving sales, and positioning the Lottery for the future. The quality of Intertrend's strategic thinking, integrated marketing plan, and creativity are exemplified by its strong ratings in the three phases of the RFP.

Additionally, Intertrend's staff plan included strong levels of staffing in all the necessary areas to carry out the scope of work and key marketing initiatives. This will provide the right level of staffing to support advertising and marketing services for the California ACM to maximize the Lottery's contributions to public education.

A maximum authorized contract expenditure of \$32 million, was developed based on an analysis of historical expenditures, anticipated future initiatives, and a moderate inflation rate during the initial term of the contract.

**RECOMMENDATION:**

The California State Lottery recommends the California State Lottery Commission approve the award of an Asian consumer marketing agency contract to Intertrend Communications for an initial term of four years, with the option to extend the contract for up to three additional one-year terms, with a maximum authorized contract expenditure amount of \$32 million.