



M E M O R A N D U M

Date: September 25, 2014

To: California State Lottery Commission

From: Paula D. LaBrie
Acting Director 

Prepared By: Jim Hasegawa, Manager
Business Planning and Research

Subject: Item 9 (d) – Advertising Research Contract Amendment

ISSUE

Should the California State Lottery Commission (Commission) approve a contract amendment with Hall & Partners that will add \$140,000 to the current expenditure authority?

RECOMMENDATION

Staff recommends that the Commission approve the amendment of the Hall & Partners contract to add funds to conduct studies for the California State Lottery's (Lottery) planned advertising campaigns through August 2015. This will raise the total contract expenditure authority to \$353,000.

BACKGROUND

The Lottery contracts with a vendor to conduct research measuring the effectiveness of specific television commercials. Through these studies, the Lottery gains insights into the percentage of California adults who recalled seeing the television ad; whether or not that recall is properly linked to the specific product being advertised or at least the Lottery in general; the main message that consumers retained from the campaign; the saliency, tonality, appeal, and persuasiveness of the television spot; and the impact of the campaign on consumer perceptions of the product and the Lottery. This research also provides data to compare the performance of the Lottery's spots against television ads from other companies. In this study, interviews are conducted in English and are supplemented with a smaller sample conducted in Spanish.

A Request for Bid was distributed on March 22, 2013 to five vendors. Prospective bidders provided their methodology, experience, costs, and schedule for each wave of this advertising research. Hall & Partners was selected as the winning vendor for their superior

methodology, experience, quality controls and added-value analysis. The current contract term is for two years, will expire on August 27, 2015 and has a contract expenditure authority not to exceed \$213,000.

DISCUSSION

Hall & Partners has assessed and reported on four television advertising campaigns from the Lottery and is currently conducting the research for the "Power of 5" and "Crosswords" television ads. The Lottery has found the services provided by Hall & Partners to be invaluable, and marketing managers and advertising agency staff have been impressed by the analysis and reports. This information has already assisted these individuals in their decision-making.

In developing the initial contract expenditure authority, it was assumed that just a few of the ad campaigns produced by the Lottery each year would be assessed by Hall & Partners. However, based on the information provided, the current plan is to conduct these studies on all of the planned television commercials.

Staff recommends that additional funds of \$140,000 be added to the current contract amount. This will raise the total contract expenditure authority to \$353,000. This would enable the Lottery to assess six more television advertising campaigns during the contract term. This number coincides with the current media plan through the end of FY 2014-15.