



**REQUEST FOR PROPOSAL  
FOR  
ADVERTISING/MARKETING SERVICES**

**(RFP # 02-09-16)**

**GEORGIA LOTTERY CORPORATION**

**REQUEST FOR PROPOSALS (“RFP”)**  
**FOR**  
**ADVERTISING/MARKETING COMMUNICATION SERVICES**

**TABLE OF CONTENTS**

- 1.0 Purpose and Intent
  - 1.1 Goals of the Contract
  - 1.2 Minimum Qualifications for Proposers
  - 1.3 Services and Activities Expected from the Contractor
  - 1.4 Schedule
  - 1.5 Communications with Georgia Lottery Corporation
  
- 2.0 Proposal Preparation
  - 2.1 Proposers Conference
  - 2.2 Written Technical and Cost Proposals Due Date and Delivery
  - 2.3 Joint Proposal, Format of Proposals and Signatures
    - 2.3.1 Firms under Common Ownership
    - 2.3.2 Litigation and Investigations
    - 2.3.3 Changes of Financial Condition
    - 2.3.4 Equal Opportunity
    - 2.3.5 Minority Participation
  - 2.4 Non-Material and Material Deviations
  - 2.5 Information from Other Sources
  - 2.6 Interviews, Questions and Negotiations
  - 2.7 RFP and Proposal Contents Disclosure Prohibition
  - 2.8 Advertising and News Releases
  - 2.9 Cost Liability of Proposals
  - 2.10 Acceptance of Proposal by the GLC
  - 2.11 Non-Exclusive Rights
  - 2.12 Proposal Tenure
  - 2.13 Ownership of Proposals
  - 2.14 Interpretations and Disputes
  - 2.15 Proposals subject to Open Records
  
- 3.0 Components of Proposals
  - 3.1 Written Technical Proposal
    - 3.1.1 Proposer Credentials and Financial Condition Requirements
    - 3.1.2 Creative Assignment
    - 3.1.3 Media Assignment
    - 3.1.4 Case Studies
    - 3.1.5 Account Management Staffing Plan Assignment
  - 3.2 Cost Proposal
  
- 4.0 Evaluation of Proposals
  - 4.1 Evaluation Committee
  - 4.2 Evaluation of Written Technical Proposals
  - 4.3 Finalist Oral Presentations/On-Site Visits

- 4.4 Evaluation of Cost Proposals
- 4.5 Final Scoring of Proposals
  
- 5.0 Contract Award
- 5.1 Contractor Background Investigation
- 5.2 Basis of Contract Award and Elements
- 5.3 Contract Term and Renewal Options
- 5.4 Prime Contractor Responsibilities
  - 5.4.1 Non-Assignment of Rights
  - 5.4.2 Subcontract Approval
  - 5.4.3 Performance Bond or Letter of Credit
  - 5.4.4 Financial Commitments on behalf of the GLC
  - 5.4.5 Work and Changes in Work Authorizations
  - 5.4.6 Competitive Bidding Requirements
  - 5.4.7 Copyright and Trademark Registrations of Advertising Materials
- 5.5 Hiring of Lottery Personnel
- 5.6 Indemnification
- 5.7 Access to Records
- 5.8 Force Majeure
- 5.9 Termination
- 6.0 Liquidated Damages

## **RFP ATTACHMENTS**

- Attachment A: Reply Certification Letter
- Attachment B: The GLC Historical Background
- Attachment C: The GLC Organization Chart and Department Explanation
- Attachment D: The GLC Product Lines
- Attachment E: The GLC Retail Network Structure
- Attachment F: The GLC Business Plan
- Attachment G: The GLC General Advertising Department Policies
- Attachment H: The GLC Work Flow - Example
- Attachment I: Schedule of Proposed Costs and/or Fees
- Attachment J: Glossary of Lottery Game Terms
- Attachment K: GLC Player Market Segments

**GEORGIA LOTTERY CORPORATION**

**REQUEST FOR PROPOSAL**  
**FOR**  
**ADVERTISING/MARKETING COMMUNICATION SERVICES**

**1.0 PURPOSE AND INTENT**

The Georgia Lottery Corporation (“GLC”) is requesting proposals for Advertising/Marketing Services, as outlined in this Request for Proposal (“RFP”). Proposal documents shall be submitted to the GLC in accordance with the instructions and specifications detailed herein.

Specifically, the GLC is issuing this RFP for a full range of integrated marketing services pertaining to existing and new traditional Lottery products including, but not limited to, Draw Games, Scratcher Games, and Digital Games and all current and potential sales channels to further GLC’s overall business plan for retail sale of Lottery games to generate revenue for Georgia education.

Issuance of this RFP does not constitute a commitment on the part of the GLC to award a contract pursuant to this RFP. The GLC reserves the right to reject any and all proposals submitted in response to this RFP, in whole or in part, and to award a contract pursuant to this RFP or cancel this RFP if it is considered to be in the best interests of the GLC. The GLC further reserves the right to make changes to this RFP at any time by issuance of written addendum/addenda, amendment(s) or clarification(s).

**1.1 GOALS OF THE CONTRACT**

The Lottery desires to develop a business partnership with an advertising/marketing Service Provider to provide effective and efficient product advertising services and related commodities and services to Georgia markets in order to sell Lottery games to raise revenue for Georgia education.

To do this job effectively, GLC must communicate with a number of different audiences at all times:

- Players and prospective players for all Lottery games
- Lottery retailers
- Other audiences, such as the education community, trade associations and the general public.

The GLC business programs need to address these audiences with an integrated advertising and marketing communications platform delivering a consistent message to achieve these results:

In creating and executing advertising, the Service Provider must be committed to the marketing business objectives as defined by the Lottery:

- Increase sales and awareness of the Lottery brand and games portfolio by (a) expanding participation among current Lottery players and lapsed players; (b)

identifying new player segments (c) introducing new games and promotions as part of the on-going fun and excitement of playing Lottery games.

- Improve Lottery retailer's participation and understanding of GLC products, promotions, and advocacy
- Improve signage and product presentation at Lottery retail locations
- Increase the general public awareness, understanding and appreciation of GLC products, promotions and mission to raise revenue for Georgia education
- Provide players with the knowledge on how to play Lottery games, and to purchase and play Lottery games in a responsible manner

These goals are to be achieved within the framework of an approximate annual advertising and marketing communications budget of \$33 - \$35 million over the five-year period for which the contract will be awarded or any extension thereafter. The GLC may increase or decrease this budget at any time during the contract period.

The GLC business plan is developed and administered by the GLC Executive Staff. The firm awarded the contract will work under the direction of the GLC Senior Vice-President of Marketing who reports to the GLC Chief Executive Officer.

## **1.2 MINIMUM QUALIFICATIONS FOR PROPOSERS**

Minimum Qualifications will be evaluated on a Pass/Fail basis. Any bidder who demonstrates that they meet or exceed all the Minimum Qualifications will receive a "Pass." Those who do not meet the Minimum Qualification will receive a "Fail" and will be disqualified from the bidding process.

1. Firm has a fully staffed Georgia office, 75 full-time employees with dedicated teams assigned to daily account management, billing management and creative development.
2. Firm must have annual revenues of at least \$100 million for combined services offered in the calendar year 2014 or for the company's most recent fiscal year within the past 24 months for which their latest audited financial statement is available.
3. Firm's active client list has included a minimum of 5 accounts for each of the last 3 years.
4. Firm has provided integrated traditional, social, digital and retail capabilities to three or more clients, each with annual billings exceeding \$10 million.

## **1.3 SERVICES AND ACTIVITIES EXPECTED FROM THE CONTRACTOR**

Specific services the Proposer awarded this contract ("Contractor") will be expected to provide are:

- Creation, production and placement of multiple advertising programs for the general and Spanish-speaking markets in Georgia
- Involvement in the GLC business development, specifically games, promotions, special events, retail display and field communications, to ensure integration of marketing program goals and concepts across communication platforms

- Research and development for continual refinement of the Lottery player segments and identifying new segments
- Strategic planning of annual media calendar and new communication channels
- Identify and recommend cost savings/efficiencies in all areas of the business
- Creation, production and distribution of POS and promotional materials
- Media negotiating for achieving maximum statewide competitive rates for traditional media and sponsorships
- Media planning, buying and execution, maintaining on-going cost database tracking and post-buy performance/efficiency analysis on a seven-day-a-week, 52-week basis
- Identify and cultivate potential strategic corporate alliances
- Advertising effectiveness analysis/optimization based on key performance indicators (KPI's)
- Promotion development and management oversight to handle a variety of projects including media-driven promotions, retail sweepstakes/contests and local on-site events
- Dedicated creative and production staff focused specifically on the Lottery account, properly resourced to provide expedient turnaround on projects and customer requests
- Dedicated daily account management team with in-depth attention to organizing, planning, supervising and reviewing all GLC projects and budgets
- Participate in a quarterly budget review meeting with GLC to ensure budget adherence
- Development of specific reports that may include Weekly Status, Budget Updates, Minority Spending, POS Status, etc.
- Annual Budget planning and projections

#### **1.4 ESTIMATED SCHEDULE**

Listed below are the estimated critical dates for proposal submission, evaluation and procedures:

- February 9, 2016                      RFP issue date
- February 22, 2016                    Deadline for RFP-related questions from interested Candidates
- March 1, 2016                         Proposers Conference to discuss questions received by February 22  
  
Georgia Lottery Corporation  
Suite 3000  
250 Williams Street  
Atlanta, GA 30303-1071
- March 28, 2016                        Deadline for proposal submissions (separate written Technical and Cost Proposals)
- Early/Mid April 2016                On-site Visits/Finalists Oral Presentations

- Mid/Late April 2016 Recommendation of winning vendor to GLC President and Board
- May 2, 2016 Award successful Service Provider
- July 1, 2016 Start of new advertising/marketing Contract (if the GLC President and Board approves)

## 1.5 COMMUNICATIONS WITH GEORGIA LOTTERY CORPORATION

This RFP has been issued on February 9, 2016. Questions and requests for clarifications relating to this RFP must be directed to the RFP Administrator. All questions and requests for clarification must be submitted in writing via fax or e-mail by Tuesday, February 22, 2016 at 12:00 noon. The GLC will respond to all written questions and requests via fax or e-mail, submitted by the February 22 deadline, at the Proposers Conference on Tuesday, March 1, 2016 to all firms that received a copy of this RFP. Answers to the questions will also be available upon request after the Proposers Conference. The GLC is not responsible for illegible, lost or mis-directed faxes or emails.

The RFP Administrator is to be the **sole** point of contact regarding this RFP at the GLC for firms, effective with the date of release of this RFP and until a firm is selected to provide Advertising/Marketing Communication Services. Contact with any representative of the GLC, other than the RFP Administrator, regarding this RFP may result in disqualification. The GLC's RFP Administrator is:

Sherri Padgett  
 RFP Administrator  
 Georgia Lottery Corporation  
 American Cancer Society, Suite 3000  
 250 Williams Street  
 Atlanta, GA 30303-1071  
 Telephone: 404-215-8949  
 Facsimile: 404-215-5105  
 E-mail: [spadgett@galottery.org](mailto:spadgett@galottery.org)

## 2.0 PROPOSAL PREPARATION

Each firm is to follow the instructions contained in this document for preparing and submitting a proposal.

### 2.1 PROPOSERS CONFERENCE

Before competing firms submit their written and cost proposals to this RFP, GLC will hold a Proposers Conference to clarify, elaborate, modify and answer any questions regarding the RFP. If, for any reason, a particular question cannot be answered at the conference, a written response will be issued to all firms represented at the conference within 48 hours following the Conference.

The Proposers Conference will be held at 2 PM on March 1, 2016 at the American Cancer Society Building, 250 Williams Street, Suite 3000, Atlanta, GA 30303. Attendees, no more than five (5) for each Proposer, will be escorted from the Reception Area to the Conference Room. Proposers need to indicate to the RFP Administer, *in advance*, if they plan to attend.

Following the Proposers Conference, the GLC will accept no telephone calls regarding proposal content. All questions must be submitted in writing and directed to RFP Administrator. All answers to such written questions will be shared with all competing firms.

## **2.2 WRITTEN TECHNICAL AND COST PROPOSAL DUE DATE AND DELIVERY**

Separate written Technical and Cost Proposals as described in Section 3.0 and signed by a person authorized to represent the proposer must be received at the Georgia Lottery Corporation in Atlanta, GA by 5:00PM on March 28, 2016.

A corporate representative for the Proposer who is authorized to contractually bind the firm must manually sign all copies of the proposal. The firm must also provide the GLC with the name, business address, and business telephone number of a person who will act as the contact person for all inquiries that the GLC may have during the proposal evaluation process. Such person shall be authorized to make representations for and bind the firm contractually.

Delivery of six (6) copies of the proposal, with original signatures, to the RFP ADMINISTRATOR at the above address in Section 1.5 is due no later than **5:00 P.M. on Tuesday March 28, 2006**. Proposals received by the GLC RFP ADMINISTRATOR after this date and time will be rejected, **without exception**. **No provisions** are made for extenuating circumstances in this RFP.

**ALL PROPOSALS MUST BE SUBMITTED IN A SEALED ENVELOPE AND PROPERLY ADDRESSED TO THE RFP ADMINISTRATOR AT THE GLC.**

It is the firm's responsibility to assure that its proposal is delivered at the proper time and place, as specified in this RFP. Proposals which, for any reason, are not so delivered will not be considered by the GLC. Late proposals will not be accepted; they will be returned unopened to the responding firm. **Proposals transmitted by telegram, telephone, fax, or any electronic service such as email will not be accepted.** A proposal may not be altered after delivery, unless requested by the GLC.

It is recommended that certified mail, return receipt requested, or a courier service that provides a signed receipt with time and date of delivery be used.

## **2.3 JOINT PROPOSALS, FORMAT OF PROPOSALS AND SIGNATURES**

Proposals should be submitted in sufficient detail to provide the GLC Evaluation Committee with a concise description of Proposer capabilities and methods designed to satisfy the requirements of the RFP assignment.

The proposals should be in two separate volumes as follows:



- **Volume I** – Written Technical Proposal which consists of:
  - Proposal signature and certification letter (**Attachment A: Transmittal Letter**)
  - Business organization (see 2.3.1)
  - Disclosure of litigation (see 2.3.2)
  - Change of financial condition (see 2.3.3)
  - Response to specifications as set forth in Section 3.1
  
- **Volume II** – Written Cost Proposal as set forth in Section 3.2.

The Cost Proposal must be submitted in a sealed enclosure separate from the written Technical Proposal and must be clearly marked as a Cost Proposal on the outside of the enclosure. The GLC Evaluation Committee will not open the Cost Proposals until after the Technical Proposal evaluations have been completed.

### **2.3.1 Firms under Common Ownership**

The Proposer must list the names and addresses of any companies that operate under common ownership which may be used to provide some of the services required in Section 1.3 of this RFP or which offer specific capabilities in areas which may be advantageous to the GLC integrated marketing communication needs.

### **2.3.2 Litigation and Investigations**

Each Proposer must include in its proposal a complete disclosure of any civil or criminal litigation or investigation pending involving the firm. This is a continuing disclosure requirement: any litigation or investigation commencing after submission of a proposal must be disclosed in a written statement to the GLC.

### **2.3.3 Changes of Financial Condition**

If a Proposer who has submitted a proposal in response to this RFP experiences a substantial change in financial condition prior to the award of the Contract pursuant to this RFP, or if a successful Proposer experiences a substantial change in financial condition during the term of the Contract with the GLC, the GLC must be notified in writing at the time the change occurs or is identified. Failure to notify the GLC of such a change may result in rejection of the Proposer's proposal or termination of the Contract.

### **2.3.4 Equal Opportunity**

The GLC prohibits discrimination on the basis of race, color, gender, religion, national origin, or disability in connection with employment of any person, or the award of any contract with the corporation.

The GLC will provide equal opportunities without regard to race, color, gender, religion, national origin, or disability, by requiring that any firm doing business with the corporation provide equal opportunity to persons and businesses employed by, or contracting with the supplier of products and services to the Corporation.

### **2.3.5 Minority Participation**

The Georgia Lottery for Education Act encourages the participation of minority businesses in all aspects of the work of the GLC. It is the policy of the GLC to contribute to the establishment, preservation and strengthening of minority-owned businesses, and to encourage their participation in the GLC's procurement activities. Towards that end, the GLC strongly encourages minority-owned firms to submit proposals or become part of a team or teams which submit a proposal; and, the GLC encourages non-minority firms to provide for the participation of minority-owned firms through partnerships, joint ventures, subcontracts and other contractual opportunities. The successful contractor will be required to provide monthly or quarterly reports of expenditures and projected expenditures with minority-owned businesses.

### **2.4 NON-MATERIAL AND MATERIAL DEVIATIONS**

Failure to furnish all required information or to follow the RFP format specified may disqualify a proposal. The GLC may waive any minor irregularities or non-material deviations in a proposal. The GLC's waiver shall in no way excuse the Proposer from full compliance with the Contract requirements if the Proposer is awarded the Contract.

### **2.5 INFORMATION FROM OTHER SOURCES**

The GLC reserves the right to obtain from sources other than the Proposer information concerning a Proposer which the GLC deems pertinent to this RFP and to consider such information in evaluating the Proposer's proposal.

### **2.6 INTERVIEWS, QUESTIONS AND NEGOTIATIONS**

The GLC reserves the right to ask any or all firms to clarify any portion of their proposals after submission. Clarification response shall be in writing and shall address only the information requested. Responses shall be submitted to GLC within the time required.

Furthermore, the GLC also reserves the right to negotiate with any or all firm(s) in any manner deemed necessary or appropriate by the GLC to serve its best interests of the GLC.

### **2.7 RFP AND PROPOSAL CONTENTS DISCLOSURE PROHIBITION**

Disclosure by a Proposer of any of the RFP and proposal contents prior to award of a Contract under this RFP may result in disqualification.

### **2.8 ADVERTISING AND NEWS RELEASES**

In submitting a proposal, the firm agrees not to use the results thereof, including the Lottery's name, logos, images, or any data arising from the RFP process of Contract, as a part of any commercial advertising without the prior written consent of the GLC.

The GLC is the only entity authorized to issue news releases relating to this RFP, its evaluation, and the award of any contract and performance there under. Under no

circumstances shall any firm issue any such news releases without the express prior written consent of the GLC in each instance.

## **2.9 COST LIABILITY OF PROPOSALS**

The GLC is not responsible or liable for any of the costs incurred by any firm in preparing and/or submitting a proposal pursuant to this RFP.

## **2.10 ACCEPTANCE OF PROPOSAL BY THE GLC**

The GLC reserves the right to accept or reject any and all proposals and to award a Contract pursuant to this RFP in the best interests of the GLC and the State of Georgia. The GLC also reserves the right to negotiate with any or all firm(s) in any manner necessary to serve the Corporation's best interests.

## **2.11 NON-EXCLUSIVE RIGHTS**

By this RFP, the GLC does not intend to grant any firm the exclusive rights to provide all materials and services required by the GLC during the period covered by any Contract resulting from this RFP. If the GLC determines that creation and production of materials and services by various firms is in the GLC's best interest, the GLC shall have the right to purchase, contract for, and use these materials and services without infringing upon or terminating any Contract resulting from this RFP.

## **2.12 PROPOSAL TENURE**

All proposals will be an irrevocable offer for ninety (90) calendar days from the proposal due date.

## **2.13 OWNERSHIP OF PROPOSALS**

All proposals will become the property of the GLC and will not be returned to the Proposers. The GLC reserves the right to use any and all information contained in a proposal to the extent permitted by law.

If the Proposer asserts that any portion of the proposal contains copyrighted material, trade secrets or any other information in which the Proposer asserts a proprietary interest, each individual page containing proprietary material must clearly mark those portions of that page which are proprietary and failure to do so shall be deemed a waiver of such rights.

Any proposal that is marked proprietary in its entirety or substantially in its entirety may be rejected by the GLC. The GLC will make an independent determination whether purported proprietary information is exempt from the public disclosure under the Open Records Act and the GLC is not bound by any proprietary marking alone.

## **2.14 INTERPRETATIONS AND DISPUTES**

Any questions concerning conditions and specifications in this RFP shall be directed in writing to the GLC RFP Administrator with the exception of the oral questions at the Proposers Conference (see Section 2.1). Inquiries must reference this RFP and the date

that delivery of the proposal is due to the GLC RFP Administer. No interpretation shall be considered binding unless provided in writing by the GLC through the RFP Administrator. Any actual or prospective firm which disputes the reasonableness or appropriateness of the terms, conditions, and specifications of the RFP or any action taken by the GLC in connection with this RFP or the contract to be awarded pursuant hereto, must first pursue and exhaust any and all remedies available to it in accordance with the dispute resolution procedures adopted by the GLC, as amended from time to time. Any appeal of any decision of the Board of Directors of the GLC must be made in accordance with such dispute resolution procedures and Section 50-27-31 of the Georgia Lottery for Education Act.

## **2.15 PROPOSALS SUBJECT TO OPEN RECORDS**

All data, material and documentation originated and prepared for the GLC pursuant to this RFP shall belong exclusively to the GLC and may be available to the public in accordance with the Georgia Open Records Act, O.C.G.A. 50-18-70, as amended. However, in accordance with O.C.G.A. 50-27-25, the GLC will make reasonable attempts to maintain the confidentiality of any trade secrets or proprietary information identified by a firm if such firm properly identifies the particular data or other materials which are trade secrets or proprietary information in writing by page, paragraph and sentence prior to or upon submission to the GLC of the data or other materials to be protected. The firm should also state the reasons such confidentiality is necessary. However, under no circumstance will the GLC be liable to any firm or to any other person or entity, for any disclosure of any such trade secret or confidential information. The GLC may not consider proposals in which all or a substantial portion of the proposal is declared by the firm to constitute trade secrets or confidential information.

## **3.0 COMPONENTS OF PROPOSAL**

The components of the proposal shall include separate written Technical and Cost Proposals and, if the GLC deems necessary, an Oral Presentation.

The separate written Technical and Cost Proposals will be evaluated by the GLC Evaluation Committee based on the criteria and procedures specified in Section 4.

### **3.1 WRITTEN TECHNICAL PROPOSAL**

Each Proposer shall submit to GLC a written proposal with appropriate exhibits for:

- Proposer's business credentials, including two recent case studies demonstrating capabilities and proven successes
- A GLC creative assignment including advertising, promotion, retail display, digital/social and recommendations for other areas such as experiential, and event sponsorship
- A GLC media buy related to the creative assignment
- A GLC account staffing plan, including dedicated and shared staff members, with percentage of time allocated for each person proposed.

As a general background to the GLC history, business development plans, product portfolio, field operations and typical GLC account work flow, Proposers should read Attachments B – G:

**Attachment B: The GLC Historical Background**

**Attachment C: The GLC Organization Chart and Department Explanation**

**Attachment D: The GLC Product Lines**

**Attachment E: The GLC Retail Structure**

**Attachment F: The GLC Business Plan**

**Attachment G: The GLC General Advertising Department Policies**

### **3.1.1 Proposer Credentials and Financial Condition Requirements**

Each proposal must contain a copy of the Proposer's latest certified financial statement, together with such documentation demonstrating the Proposer's financial ability to carry out the proposed Contract.

Proposers should provide any information about their business and its organization that will demonstrate its capabilities to fulfill the scope of services indicated in Section 1.3. Examples of capabilities are: annual billings history; client list and tenure of clients; sources of income such as creative development and media placement for television, radio, print, out-of-home, internet, promotional and retail display projects, consumer research, etc.; staff size; any other information regarding business and staff accomplishments or affiliations with other businesses that have application to GLC's needs.

### **3.1.2 Creative Assignment**

With information in this section, including the Attachments, Proposers are required to submit: 1) two detailed advertising/marketing campaigns designed to increase sales and product awareness for the GLC Draw Games, Scratcher Games and KENO!; 2) a detailed media plan for each campaign; 3) present two concise case studies for past or present clients, one of a general market nature and one with either highly active retail needs or experience related to GLC's business. The campaigns and media plan should be considered ready for launch on October 1, 2016.

The **Business Goals** of these campaigns are:

- Drive product sales and awareness
- Establish a unique brand identity for the GLC products
- Position the GLC games as fun, exciting, and a great entertainment option
- Achieve maximum media penetration for the allocated budget

All executions are to be in good taste and reflect the inherent integrity of the GLC.

**(See Attachment: G - GLC guidelines)**

The GLC has identified four (4) key player segments: **See Attachment K**

- Enthusiasts – dedicated and frequent players that play daily or at least weekly
- Adventurers – occasional players that have played 2-5 times in the last 30 days
- Jackpotters - only play or consider playing when the Jackpot is \$100 Million+
- Ho-Hums - extremely risk averse and never the first to try new things.

## Work Assignment #1:

Develop an umbrella brand campaign for GLC Draw and Scratcher games. Demonstrate how the two product categories will be positioned under this campaign. This will be two distinct campaign executions:

- Show how Draw Games are executed under the umbrella campaign;
- Show how Scratcher Games are executed under the umbrella campaign

Creative mandatories will include TV, radio, OOH, Social, Digital, POS, Experiential, Grassroots and paid media recommendations that will enable the Georgia Lottery to efficiently promote each game launch throughout the entire fiscal year.

### Background on Scratchers:

The GLC launches an average of 4 to 5 new Scratchers every month, and maintains a year-round portfolio of 55-60 games that are available to the public. The Scratcher category accounts for approximately 3/4 of the overall Lottery sales and approximately 50% of profit for the GLC. The product price points are \$1, \$2, \$3, \$5, \$10, \$20, \$25 (launching in Feb.), and \$30.

The Lottery industry in the U.S. has seen a decline in \$1 and \$2 ticket sales, price points that are widely regarded as vital to encouraging new playership and sustained growth in lottery scratcher sales. While the GLC sales at these two pricepoints are relatively flat, these prize payouts in these categories are the most profitable ranging from 63-68%. The \$5 pricepoint has grown exponentially over the last several years and is GLC's most profitable (because of high sales volume) pricepoint with a payout of 69%. This \$5 pricepoint is a sweet spot for the GLC Scratcher portfolio. Larger price point tickets (\$10, \$20 and \$30) appeal to players looking to win big. These three pricepoints are responsible for 50% of scratcher sales and demand higher prize payouts ranging from 75 -79%.

Scratcher games are typically displayed in acrylic dispensers at retail locations on counter tops near the service area. Scratchers are located in lottery vending machines in grocery stores in Georgia.

One key characteristic of Scratchers is the instant win appeal. Players know immediately if their ticket is a winning ticket, and they have the ability to redeem it at retail. Another attribute is monthly product introductions which provide players with consistently fresh game concepts. Players respond positively to new games that offer intriguing prize values, simple playstyles and visually appealing graphics. (See GLC Product Lines, Attachment D)

### Background on Draw Games:

Unlike the frequent product introductions and large portfolio of the Scratcher category, Draw Games are more permanent in design. To maintain and grow player participation and sales of Draw Games, each quarter the GLC will either introduce a new Draw Game, or launch enhancements to a current product. There are currently nine games in the Draw Game portfolio, including: Mega Millions, Powerball, Cash 3, Cash 4, Fantasy 5, Georgia Five, All or Nothing, Jumbo Bucks Lotto, and KENO! Mega Millions and Powerball are multi-state games that are played in 44 states in the US. The large starting jackpots for these games attract players who are looking to win a large prize. As the jackpots for these games grows, so does player participation and game sales. Marketing support for these games are primarily provided through the 89 billboards

placed around the state of Georgia. Comprehensive campaigns for these two games are typically reserved for new game enhancements.

Cash 3, Cash 4, and Fantasy 5 are called daily games because drawings for these games occur each day, with two daily drawings for Cash 3 and Cash 4. The games have a dedicated player base. To maintain and grow this player base, the GLC has launched various promotions throughout the years, including: second chance, extra drawings, merchandise giveaways and instant cash giveaways on Nth tickets. These promotions are well received and generate lots of chatter amongst the player bases.

Jumbo Bucks Lotto is Georgia's first Lotto style game. Unlike the multi-state jackpot games, this one is exclusive to players in the state of Georgia. The launch campaign and subsequent messaging has worked to drive awareness of the game and the concept of it being a Georgia specific product.

All or Nothing and Georgia Five are niche games that balance the portfolio with a unique offering or play style. (See the GLC Product line in Attachment D). Both games launched with a comprehensive marketing campaign to drive awareness. Because these games attract a smaller player base, they are not supported with a year round advertising schedule.

In general, because of the uniqueness of each Draw game, players often choose to play games based on the jackpot size, the frequency of wins, the frequency of drawings, popularity of the game, or the basic appeal of the game concept. The GLC maintains ongoing research and discovery for product offerings that provide unique selling propositions and compliment the Draw Game portfolio.

#### Work Assignment #2:

Develop a branded umbrella campaign for KENO! which includes executions for TV, radio, OOH, Social, Digital, POS, Experiential, and in-environment (for Taverns, Bars, restaurants). Create tactical plan to increase sales, awareness and activation in QSE locations.

#### Background on KENO!:

KENO! is a Draw game that is often referred to as a monitor game. Winning numbers for this game are drawn every 3 ½ minutes and can be seen on TV monitors placed inside bars, taverns and restaurants, and can be viewed on the GLC internet and mobile channels.

This game is sold at all traditional Lottery retailers, at certain taverns, bars, restaurants (referred to as quality service establishments or QSE's), and through the GLC internet sales distribution channel.

Until 2011, the KENO! game was only offered at QSE's and was promoted as a social activity to be played with friends when at a KENO! location. The KENO! brand introduced an iconic character named KENO! Master. This wise 100 year old Master from the Far East provided colloquialisms to inspire play. GLC launched an enhancement to the game called KENO! TO GO! This new feature allowed player to purchase KENO! tickets at all Lottery retailers and to access draw results online. With the addition of this new game feature, Kevin the fire-breathing goat was introduced as another iconic brand symbol. Today, Kevin appears in all forms of advertising and marketing for the game, and at times has shared the brand imagery with KENO! Master.

The game is currently positioned to promote the frequency of the drawings and winning proposition of “Win up to \$100,000 every 3 ½ minutes.” The KENO! game serves as its own brand and the Georgia Lottery name is only used in small print beneath the KENO! logo.

Historically, KENO! sales index higher during peak sports periods. Increased game sales during the Fall months and from late January through mid-April show a direct correlation with college and professional football and basketball. To maximize sales and game awareness during these periods, GLC launches BOGO promotions around certain sports broadcasts in the Fall, the Super Bowl, and during the NCAA March Madness. These events typically drive greater traffic in QSE’s, affording GLC a direct association with sports.

### Work Assignment #3 - Media

The GLC maintains year-round media placements to generate brand and product awareness in order to drive product sales. Media buys for Draw and Scratcher Games are scheduled throughout the year and may, at times, overlap on the annual media plan.

Proposers are required to submit a recommended media plan for a 12-week period for assignment #1, and an 8-week period for assignment #2. These media plans will provide a broadcast schedule, media recommendations by media type, GRP goals, target audiences, media mix, day parts, flighting/scheduling, and consumer insights to support the recommendations.

### **Creative Assignment Guidelines**

#### Assignment #1 – Production Budget (Scratchers and Draw Games)

All facets of the advertising campaign in terms of concept, theme, creative format, media type and visibility as well as the development of any retail display materials, and special event efforts should be described in detail. The campaign should also show possible relevant public relations executions. Production of all advertising, including talent and residual as well as distribution expenses, retail displays, special events costs (labor and materials), player research and any other expenses, including any special labor hours, should be achievable within a net production budget of \$850,000 - \$950,000 (agency commission or fees not to be included).

#### Assignment #2 – Production Budget (KENO!)

All facets of the advertising campaign in terms of concept, theme, creative format, media type and visibility as well as the development of any retail display materials, and special event efforts should be described in detail. The campaign should also show possible relevant public relations executions. Production of all advertising, including talent and residual as well as distribution expenses, retail displays, special events costs (labor and materials), player research and any other expenses, including any special labor hours, should be achievable within a net production budget of \$375,000 (agency commission or fees not to be included).

It is important that Proposers understand that any GLC message has to be in good taste and confirming the GLC’s credibility and integrity.



### 3.1.3 Media Assignment

#### Media Budget – (Scratchers & Draw Games)

The net budget for this media assignment is \$5.0 - \$5.5 million. (Net media budget means media cost only, cost does not include compensation/commission for the Proposer).

#### Media Budget – (KENO!)

The net budget for this media assignment is \$1.5 million. (Net media budget means media cost only, cost does not include compensation/commission for the Proposer).

The media budget must support the new campaigns at a spending level commensurate with their sales contributions to the GLC.

<u>TV_DMA</u>	<u>Population</u>	<u>Scratcher Sales</u>	<u>Draw Sales</u>	<u>Total Sales</u>
ALBANY	4.33%	6.52%	4.85%	6.00%
ATLANTA	64.64%	56.94%	60.05%	57.90%
AUGUSTA	4.61%	5.59%	6.69%	5.93%
CHATTANOOGA	3.28%	3.68%	1.83%	3.11%
COLUMBUS	3.28%	4.68%	5.43%	4.91%
DOTHAN	0.11%	0.36%	0.37%	0.37%
GREENVILLE-SPATANBURG	0.97%	1.12%	0.68%	0.99%
JACKSONVILLE	2.23%	2.47%	1.61%	2.20%
MACON	6.82%	7.00%	7.61%	7.19%
SAVANNAH	7.05%	7.84%	8.41%	8.01%
TALLAHASSEE	2.67%	3.80%	2.47%	3.39%
UNALIGNED	0.00%	0.00%	0.00%	0.00%
	100.00%	100.00%	100.00%	100.00%

The media plan should take into consideration traditional media (TV, radio and print) and on-line media but does not have to include spending for jackpot billboards or special buys such as sports media sponsorships.

The ultimate deliverable must include a media flowchart that clearly shows all the information indicated below. Written and oral presentation of the media plan must incorporate a comprehensive description of and detailed rationale for each the following elements:

- Advertising audience profile
- Allocation of dollars by media with rationale for media selection
- Allocation of dollars by market
- Delivery Objectives (GRP goals with reach/frequency and efficiency analysis by week for a 12-week period
- Unit mix by media type
- Daypart Mix for Broadcast media
- Flighting/Scheduling
- The submission shall incorporate the consumer insights that led to the strategy and creation of the plan(s).

In addition to the advertising media plan, Proposers should clearly demonstrate how each media element will be integrated for greatest impact and cost effectiveness. This explanation should include how media will be purchased, monitored and analyzed to ensure maximum cost savings and ROI for the GLC.

Specific consideration should be given to how the planning would be adapted for the Hispanic market. If a separate plan is recommended for this market, a clear rationale must be provided.

#### **3.1.4 Case Studies**

Proposers will present two (2) case studies from past or current clients to demonstrate their approach to: 1) comprehensive general market campaigns and, 2) highly active retail businesses. The case studies will demonstrate the agency's capabilities, strategic approach to problem solving, and proven results.

#### **3.1.5 Account Management Staffing Plan Assignment**

Proposals are required to submit a GLC account staffing plan showing percentage of time for each individual and an organization chart with resumes for the proposed staff.

The GLC is a continuously active, labor intensive advertising account with multiple marketing, communications, creative, media and research projects requiring attention and service simultaneously. An example of these overlapping assignments is provided in **Attachment H: GLC Work Flow**

In addition to the traditional marketing assignments, GLC requires materials, services and support for:

- POS and product displays for its approximately 8,700 retailers
- Promotional programs with various media partners, including the statewide televised drawing network of six stations (WSB – Atlanta; WMAZ – Macon; WJBF – Augusta; WRBL – Columbus; WSAV – Savannah; WALB – Albany)
- Special event promotion programs at local fairs, festivals, etc.
- Winner publicity events
- Outreach programs to the education community and schools

The GLC also receives numerous proposals requiring assessment and responses by its advertising agency and in-house staff. Detailed production bidding requirements such as at least three competitive bids for all projects with an award value of \$5,000 or higher will require agency support staff. Daily tracking of all the GLC expenses for its multiple projects indicates that at least one dedicated agency budget person will be essential.

Consideration should be given to the following agency staff needs, not including clerical and indirect labor staff, to service the GLC advertising/marketing communication needs:

- Account Management: Management Supervisor  
Account Director  
2 Senior Account Executives  
Assistant Account Executive

- Account Coordinator
  - Budget Coordinator
- Media:
  - Media Director
  - Media Supervisor
  - Media Planners, Buyers, Assistants
- Research:
  - Project Director
- Creative/Production:
  - Senior Creative Director
  - 2 – 3 Creative Teams or one dedicated creative team
  - Production Supervisors for Print and Broadcast
- Business/Traffic:
  - Traffic Managers
  - Business Affairs Manager
  - Legal Counsel
  - Other Supervisors (as required)
- Retail/POS:
  - Senior Creative Director
  - Design Staff (graphic arts capability)
  - Production/Bid/Budget Coordinator
- Special Projects/Publicity:
  - Senior Account Manager
  - Assistant Account Manager

### 3.2 COST PROPOSAL

**Proposers are required to submit this section of the proposal under separate cover (see Section 2).**

The GLC has a favorable commission structure with its current advertising agency. As a prestigious high profile account, the GLC is especially committed to maximizing the effectiveness and efficiency of its advertising investment. To achieve this goal, the GLC expects a preferred customer fee status.

The GLC may also directly negotiate and administer statewide/local media events and sports sponsorships. These programs will be “passed through” the advertising agency without commission as “billable out-of-pocket expenses.” In addition, there are other non-commissionable expenses, including but limited to “pass through” costs such as local event ads; sales tax, shipping, retailer promotions, merchandise such as premium items; travel expenses; messenger services; storage; in-house type, photostats or other services performed in-house at the agency for which a charge is made. Depending on the nature of the activity, the GLC may permit the advertising agency to charge a “handling fee,” e.g. 3%, for some of these expenses.

**Please complete Attachment I: Schedule of Proposed Costs and/or Fees and include:**

- Separate proposed commission or fee structure for media, production and research. (Note: please take into account any variances in commission structures)

between traditional media, which may include a commission, and any media which may be a net cost since any proposed commission or fee structure will be applied uniformly to all media invoices unless otherwise indicated)

- Proposed charges/rates for all production assembly, e.g. mechanicals, layouts, storyboards, color prints, etc.
- Any other costs or methods for handling special billing projects that may have hourly rates
- Estimated annual hours for each staff position

#### **4.0 EVALUATION OF PROPOSALS**

The GLC has established an Evaluation Committee that will be responsible for evaluating the bids received from responding firms. The Evaluation Committee will establish uniform criteria by which all proposals will be “scored”:

- Based on the criteria described Section 4.2, evaluation of the written Technical Proposals and selection of the four finalists
- At the option of the GLC Evaluation Committee, visits to the four finalists’ sites and evaluation of the Oral Presentations based on the guidelines in Section 4.3
- Based on the criteria in Section 4.4, evaluation of the written Cost Proposals
- Based on the criteria on Section 4.5, determination of the strongest proposal for recommendation the GLC President and Board

While price will be an important factor, it alone will not be the deciding factor in the selection process.

#### **4.1 EVALUATION COMMITTEE**

The Evaluation Committee will consist of GLC experienced staff members representing different disciplines within the GLC, including Finance, Sales, Marketing and Corporate Affairs.

#### **4.2 EVALUATION OF WRITTEN TECHNICAL PROPOSAL**

Each written Technical Proposals will be evaluated with a maximum of seventy (70) points to be awarded according to the following criteria:

1. Background and Experience (10 points)
  - Depth and relevance of overall experience, extent of services offered, especially in Atlanta-based office, demonstration of capabilities to support the projects and activities described in Sections 1.2 – 1.3
2. Creative Challenge Assignment (35 points)
  - Creative assignment evaluation with respect to originality and clarity of strategic thinking as well as execution of assignment, including advertising, promotion, retail display, digital/social and recommendations for other areas such as experiential, and event sponsorship
3. Media Assignment (15 points)
  - Media assignment evaluation with respect to originality and clarity of strategic planning and executional approaches to support the creative assignment,

including market investment to maximize sales returns, coverage and frequency of message, cost effectiveness in reaching the advertising audiences

4. Management and Account Staffing (10 points)

- Comprehensiveness, experience, competence and relevance of agency and account staff to meet GLC requirements

Category	Points
Background and Experience	10
Creative Challenge Assignment	35
Media Assignment	15
Management and Account Staffing	10
<b>Total</b>	<b>70</b>

Based on these criteria, the Evaluation Committee will rank the proposals in order of maximum points awarded and select at least 2 but not more than 5 of the highest scoring proposals to consider for Oral Presentations/On-Site Visits depending on how technical scores are clustered.

**4.3 ON-SITE VISITS/FINALIST ORAL PRESENTATIONS**

At their discretion the GLC Evaluation Committee may elect to make an on-site visit to each of the four finalists’ facilities during April 13 -14, 2016 (approximate dates). The RFP Administrator will notify the four finalists by April 11, 2016.

During these visits or during presentations at the GLC each of the four finalists will be required to make oral presentations of their written technical Proposal in order to provide the GLC Evaluation Committee with a better understanding of the advertising capabilities and compatibility of each finalist.

Finalists will not be allowed to modify their original proposals for these presentations.

Finalists will be allowed to present samples of creative materials such as commercials, print, graphics, etc. which have been used to illustrate concepts as well as any other media, research or other materials submitted in the written Technical Proposal.

It is particularly important for the Evaluation Committee to meet not only senior management but also the staff individuals who will be assigned to handle the GLC advertising account on a daily basis – given the labor intensive nature of the account and the need for a strong collaborative working relationship.

The On-Site Visits/Oral Presentations process is designed to confirm the Proposer’s capabilities. The GLC may deduct points as necessary from the Technical Proposal if the On-Site Visits/Oral Presentations indicate that parts of the Technical Proposal are inaccurate or are not validated. Once those presentations are completed, the Evaluation Committee will incorporate any new information into the Technical Proposal scoring and determine a final Technical Proposal scoring for each firm.

Coincidental with the On-Site visits/Oral Presentations, the GLC will make preliminary background checks into each of the finalists (see Section 5.1).

#### **4.4 EVALUATION OF COST PROPOSALS**

After the Technical Proposal evaluation is complete, the Evaluation Committee will open the Cost Proposals and conduct an evaluation. Each written Cost Proposal will be evaluated with a maximum of thirty (30) points to be awarded according to the following criteria:

The Cost Proposals will be ranked with a maximum of thirty (30) points awarded to the lowest Cost proposal with the next lowest Cost Proposals awarded proportionately less points on their values relative to the lowest Cost Proposal using the formula:

$$L/P \times 30 = V$$

L = total cost of proposal with the lowest cost to GLC

P = total cost of the proposal being evaluated

V = assigned points of cost proposal being evaluated

For example, if 4 proposals are received with costs of \$100K, \$110K, \$125K and \$140K

Lowest price to GLC = 30 points ( $\$100K/\$100K = 1$ ;  $1 \times 30 = 30$  points)

Next lowest price to GLC = 27.27 points ( $\$100K/\$110K = .909$ ;  $.909 \times 30 = 27.27$  points)

Next lowest price to GLC = 24 points ( $\$100K/\$125K = .8$ ;  $.8 \times 30 = 24$  points)

Next lowest price to GLC = 21.43 points ( $\$100K/\$140K = .714$ ;  $.714 \times 30 = 21.43$  points)

#### **4.5 FINAL SCORING OF PROPOSALS**

After the Cost Proposal evaluation is complete, the Evaluation Committee will combine the Technical Proposal and Cost proposal scores for each Proposer to achieve a final ranking of the four finalists. The Evaluation Committee will recommend to the President and the GLC Board of Directors that Contract negotiation be entered into with the bidder who has the maximum number of points out of one hundred (100) possible points for the combined Technical Proposal (70 points) and Cost Proposal (30 points).

#### **5.0 CONTRACT AWARD**

Subject to approval by the GLC President and Board, a contract will be negotiated and awarded to the firm whose proposal is determined to be the most advantageous for the GLC, considering all the conditions set forth in this RFP, and which the GLC believes provides the greatest long-term benefit to the State of Georgia, the greatest integrity for the GLC, and the highest quality advertising/marketing communications services at the "best price/value."

#### **5.1 CONTRACTOR BACKGROUND INVESTIGATIONS**

In accordance with the Lottery for Education Act, O.C.G.A. § 50-27-15, the firm selected will be required to pass a security and financial responsibility background check as well as criminal background investigation.

## **5.2 BASIS OF CONTRACT AWARD AND ELEMENTS**

The contents of the proposal of the successful firm, any written questions and answers regarding this RFP and any correspondence between the GLC and the competing firms regarding this RFP process will become part of any contract awarded to the extent that such documents conform to the RFP and accepted by the GLC.

The contract negotiated between the GLC and the successful firm shall include as integral parts thereof:

- This RFP
- Amendments to this RFP
- Any questions from the Proposers and responses from the GLC
- The vendor's proposal

In the event of a conflict in language between any of these documents, the provisions and requirements set forth and referenced in the RFP and its amendments shall govern. In the event that an issue is addressed in the proposal that is not addressed in the RFP, no conflict in language shall be deemed to occur.

Any alterations, variations, changes or modifications or waivers of or to provisions of this Contract shall only be valid when they have been reduced to writing and duly executed and approved by each of the parties.

## **5.3 CONTRACT TERM AND RENEWAL OPTIONS**

It is contemplated that the Contract to be awarded as a result of this RFP will be for an initial term of five (5) years and will be budgeted at approximately \$33 million - \$35 million for each year of the five-year period.

At the end of the initial term each subsequent renewal term shall be automatically renewed and extended for a period of one (1) year unless the GLC delivers a written termination notice to the other party at least thirty (30) days prior to the end of the initial term or the then current renewal term.

## **5.4 PRIME CONTRACTOR RESPONSIBILITIES**

The Contractor will assume the sole responsibility for all goods and services offered in the proposal whether or not it is the ultimate supplier of the same. GLC will consider the Contractor to be the sole point of contact with regard to contractual matters. For certain areas, the proposal may include additional organizations which will be expected to work with the Contractor in providing these services.

### **5.4.1 Non -Assignment of Rights**

Any award resulting from this RFP cannot be assigned in whole or in part without the prior written approval of the GLC.

#### **5.4.2 Subcontract Approval**

Any proposed subcontracts shall be subject to the prior approval of the GLC and shall include such contracting and purchasing requirements as shall be binding on the Contractor.

#### **5.4.3 Performance Bond or Letter of Credit**

The successful Contractor must post a performance bond or irrevocable letter of credit in the amount of \$2,000,000 with the GLC for this Contract unless such bond or letter of credit is replaced by an alternative security in the same amount as authorized under O.C.G.A. 50-27-16. The performance bond or letter of credit or alternative security shall be posted at the execution of the contract.

#### **5.4.4 Financial Commitments on behalf of the GLC**

The Contractor will make no financial commitment on behalf of the GLC without having prior written approval from an authorized representative of the GLC.

#### **5.4.5 Work and Changes in Work Authorizations**

By written or oral requests by an authorized representative of the GLC to any member of the Contractor, the GLC will authorize work and, from time to time, make changes in the work or services to be provided by the Contractor or the place of delivery or performance of such services or any requested deliverables. The Contractor shall promptly comply with such requests and take all the necessary or appropriate actions to effect such change.

#### **5.4.6 Competitive Bidding Requirements**

The Contractor will provide at least three (3) bids for outside supplier expenditures for printing, broadcast production, merchandising or any other products or services the GLC designates when such purchases exceed Five Thousand and 00/100 Dollars (\$5,000.00). In the case that a desired service is unique to one supplier, a sole source document may be created by Contractor and approved by GLC.

#### **5.4.7 Copyright and Trademark Registrations of Advertising Materials**

When requested by the GLC, the Contractor will obtain copyright and trademark registrations on behalf of the GLC for all appropriate advertising materials.

### **5.5 HIRING OF LOTTERY PERSONNEL**

At all times during the proposal evaluation period and continuing for two (2) years following either the award of a Contract or the rejection of all proposals, the Contractor is prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any GLC employee involved in the evaluation of the GLC Proposals, the GLC Contract award or the GLC Contract negotiations. A Contractor making such an offer or proposition may be disqualified from further consideration.

### **5.6 INDEMNIFICATION**



The Contractor agrees to indemnify, defend and hold harmless GLC, its directors and officers, the State of Georgia and its agencies and political subdivisions, and their respective agents, officers, and employees, against any and all suits, damages, expenses (including, without limitation, court costs, attorney's fees, and other damages), losses, liabilities and claims of any kind, caused by or resulting from any breach of the Contract or any other act or omission of the Contractor, subcontractors, or any of the Contractor's or subcontractor's respective agents or employees, whether the same may be the result of negligence, responsibility under strict liability standards, any other substandard conduct or otherwise.

## **5.7 ACCESS TO RECORDS**

The GLC shall have the right, at any time and from time to time, to audit all of the Contractor's procedures, using the GLC employees, its designees or state agencies, as provided by law.

The Contractor shall maintain all books, documents, papers, accounting records and other evidence pertaining to the services to be performed under the Contract in accordance with any applicable procedures established by the GLC from time to time. The Contractor shall make all such materials available, at its offices at all reasonable times during the Term of the Contract and for five (5) years after the date of final payment under the Contract, for inspection by the GLC, or any authorized representative of the GLC, and copies thereof shall be furnished to the GLC by the Contractor, at no cost to the GLC, if requested by the GLC.

The Contractor, upon the GLC's request, shall make available to the GLC authenticated requisitions for payment, including, without limitation, invoices from suppliers, and proof of payment to third parties for all work and services on behalf of the GLC's account.

All documents, papers, letters or other materials relating to the Contract that are made or received by the Contractor and required to be maintained, must be available for public access and for audit purposes pursuant to the Georgia Open Records Act (O.C.G.A. 50-18-70 et seq.).

## **5.8 FORCE MAJEURE**

In the event that either party is unable to perform any of its obligations under the Contract, or to enjoy any of its benefits because of natural disaster, actions or decrees of governmental bodies or communication line failure, or other events of force majeure not the fault of the affected party, the affected party shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, each party's obligations under the Contract shall be suspended immediately. In addition to the rights of GLC or the Contractor to terminate the Contract as set forth therein, if the period of non-performance exceeds thirty (30) days from receipt of notice of an event described in this section, the party whose ability to perform has not been so affected may terminate the Contract by giving written notice thereof to the other party.

## **5.9 TERMINATION**

Any Contract awarded as a result of this RFP may be terminated by either party, in whole or in part, for any reason or no reason, upon delivery to the other party of a notice of termination specifying the extent to which performance under the Contract is terminated at least ninety (90) days prior to the effective date of the termination.

## **6.0 LIQUIDATED DAMAGES**

(a) Notwithstanding anything herein to the contrary, Agency shall be liable to GLC for liquidated damages as follows:

- i) Overtime Charges. GLC will not approve the payment of overtime on any project without prior written approval (or verbal approval as provided for in this Agreement). If any overtime is required because of the failure of any member of the Agency to timely perform its obligations under this Agreement, Agency will be responsible for all such charges;
- ii) Shipping Charges. If the delivery of materials to media outlets must be expedited due to delays attributable to Agency, Agency will be responsible for the additional charges for the expedited delivery;
- iii) Reports. Failure of Agency to provide any of the financial and marketing reports required by this Agreement will result in liquidated damages in the amount of One Thousand and No/100 Dollars (\$1,000.00), plus One Hundred and No/100 Dollars (\$100.00) per day for each additional day of delay;
- iv) Unauthorized Materials. The release by any member of the Agency of unauthorized media materials for broadcast or publication prior to obtaining GLC's written approval therefore will result in liquidated damages in the amount of Five Thousand and No/100 Dollars (\$5,000.00) per occurrence;
- v) Unauthorized Expenditures. If Agency incurs any expenditure without obtaining the prior written approval (or verbal approval as provided for in this Agreement) of GLC, Agency will be responsible for those expenditures without any recourse for reimbursement;
- vi) Legal Fees. Any action taken against GLC by a supplier to Agency that results in legal fees being assessed against or incurred by or on behalf of GLC will result in liquidated damages equivalent to the legal fees so assessed or incurred; and
- vii) Unacceptable Products. Agency will be responsible for the cost of any items produced on behalf of GLC that are misprinted, produced in error or are otherwise unacceptable. Agency will also be responsible for the cost of expediting the replacement of any such items.

(b) Agency and GLC hereby acknowledge and agree that:

- i) GLC's damages following the occurrence of any event set forth in Section 21 (a) hereof are difficult or impossible to accurately estimate or calculate;
- ii) the liquidated damages amounts set forth in Section 21 (a) hereof constitute reasonable pre-estimates of GLC's damages following the occurrence of any such events;
- iii) it is their mutual intention that Section 21 (a) hereof provide for liquidated damages to compensate GLC upon the occurrence of such an event, rather than penalties to deter Agency from breaching this Agreement and/or to punish Agency upon the occurrence of such an event; and
- iv) notwithstanding the foregoing provisions of this Section 21, GLC shall have the right, in its sole discretion, to waive (in whole or in part) payment by Agency of any liquidated damages due hereunder.

v) a waiver in anyone instance shall be strictly limited to that specific instance and shall not in any way constitute or be construed to constitute a waiver of the payment of any other liquidated damages that are or may become due hereunder.

(c) GLC and Agency agree that GLC may, at its option, (i) require Agency to pay such liquidated damages directly to GLC or (ii) offset the amount of such liquidated damages against any amounts owed by GLC to Agency.

**REQUEST FOR PROPOSAL  
FOR  
ADVERTISING/MARKETING COMMUNICATION SERVICES**

**RFP ATTACHMENTS**

- A: REPLY CERTIFICATION LETTER**
- B: HISTORICAL BACKGROUND OF THE GLC**
- C: THE GLC ORGANIZATION CHART AND DEPARTMENT EXPLANATION**
- D: THEGLC PRODUCT LINES**
- E: THE GLC RETAIL NETWORK STRUCTURE**
- F: THE GLC BUSINESS PLAN**
- G: THE GLC GENERAL ADVERTISING DEPARTMENT POLICIES**
- H: THE GLC WORK FLOW - EXAMPLE**
- I: SCHEDULE OF PROPOSED COSTS AND/OR FEES**

**GLOSSARY OF LOTTERY GAME TERMS**

Reply Certification Letter

**NOTE: PLEASE ENSURE THAT ALL REQUIRED SIGNATURE BLOCKS ARE COMPLETED. FAILURE TO SIGN THIS FORM AND INCLUDE IT WITH YOUR PROPOSAL WILL RESULT IN REJECTION OF YOUR PROPOSAL.**

**GEORGIA LOTTERY CORPORATION (The "GLC")**

**PROPOSAL**

We propose to furnish and deliver any and all of the deliverables and services named in the Request for Proposal ("RFP") for **Advertising/Marketing Services**. The terms offered herein shall apply for the period of time stated in the RFP.

We further agree to strictly abide by all of the terms and conditions contained in the RFP and the Georgia Lottery for Education Act, Official Code of Georgia Annotated, Sections 50-27-1 et seq., as amended from time to time. Any exceptions are noted in writing and included with our proposal.

It is understood and agreed that we have read the Georgia Lottery Corporation's ("GLC's") specifications shown or referenced in the RFP and that this proposal is made in accordance with the provisions of such specifications. By our written signature on this proposal, we guarantee and certify that all items included in this proposal meet or exceed any and all of the GLC specifications, including but not limited to quality of products, fair and competitive value and timeliness of execution. We further agree, if awarded a contract, to deliver goods and services that meet or exceed the specifications.

**PROPOSAL SIGNATURE AND CERTIFICATION**

(Authorized representative must sign and return with proposal)

I certify that this proposal is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a proposal for the same materials, supplies, equipment, or services and is in all respects fair and without collusion or fraud. I understand collusive bidding is a violation of State and Federal Law and can result in fines, prison sentences, and civil damage awards. I understand and agree to abide by all conditions of the RFP and this proposal and certify that I am authorized to sign this proposal for the responding firm. I further certify that the provisions of the Official Code of Georgia Annotated, Sections 45-10-20 et seq. have not been and will not be violated in any respect.

Date: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company Name: \_\_\_\_\_

## **HISTORICAL BACKGROUND OF THE GLC**

The Georgia Lottery was created in November 1992 by the people of Georgia to enhance educational funding. The Lottery for Education Act created the Georgia Lottery Corporation (GLC) to oversee and operate the lottery.

The GLC has experienced unprecedented sales and returns to education in its 22-year operation - with sales exceeding \$60 billion. Since its inception, the GLC has transferred more than \$17 billion to the State Treasury's Lottery for Education Account.

All Georgia Lottery profits go to pay for specific educational programs, including Georgia's HOPE Scholarship Program and Georgia's Pre-K Program. More than 1.7 million students have been able to attend colleges through Georgia's HOPE scholarship program; more than 1.4 million four-year-olds have attended Georgia's Prekindergarten Program; and all of Georgia's public schools have benefited from over \$1.8 billion in capital outlay, computer and technology upgrades.

Lottery tickets are currently sold at over 8,700 authorized locations. The Georgia Lottery Corporation currently has eight district offices. They are located in Atlanta, Augusta, Columbus, Dalton, Duluth, Macon, Savannah and Tifton. The GLC currently employs approximately 300 people statewide.

On average the Georgia Lottery offers 40-45 Scratchier Games at any given time and has nine draw, or computerized, games - CASH 3, CASH 4, Georgia FIVE, All or Nothing, Fantasy 5, Jumbo Bucks Lotto, Mega Millions, Powerball and KENO! Additionally, the Georgia Lottery offers online play, for a limited number of games, for players located in Georgia.

Launched in 2012, the GLC's interactive channel offers Mega Millions, Powerball, Fantasy 5 (daily game), KENO!, and Diggi Games (eInstants) for purchase/play. Players may visit the GLC's internet portal at [mygalottery.com](http://mygalottery.com) or download the GLC's free app to register and play. Players have the option to "try" or "buy" GLC interactive games.

The GLC launched a free mobile app in late 2015. Available for iOS and Android, the app includes all major features available on the [mygalottery.com](http://mygalottery.com) portal. The app allows players to register and play online and offers additional functionality including the ability to check winning numbers, find a lottery retailer and scan draw-game and scratcher tickets to see if you have won.

The Georgia Lottery Mission Statement is to maximize revenues for specific education programs by providing entertaining lottery products and quality customer service to GLC retailers and players, while maintaining the integrity of the GLC and its games.

While the GLC's function is to raise funds for education programs, the revenue generated is appropriated by the Governor and the General Assembly.

Georgia Lottery Corporation proceeds are used to supplement, not supplant, traditional educational funding.

**Top Payouts and Jackpots:**

The largest single-day payout for the CASH 3 game occurred on January 2, 2000 when the numbers 777 were drawn. Players won more than \$27.4 million.

The largest single-day payout for the CASH 4 game occurred on March 20, 1998 when the numbers 2222 were drawn. Lucky CASH 4 players won \$9 million.

On March 19, 2004, one top prize winning ticket won \$1,751,530, the largest payout to a single winner ever in the history of Fantasy 5.

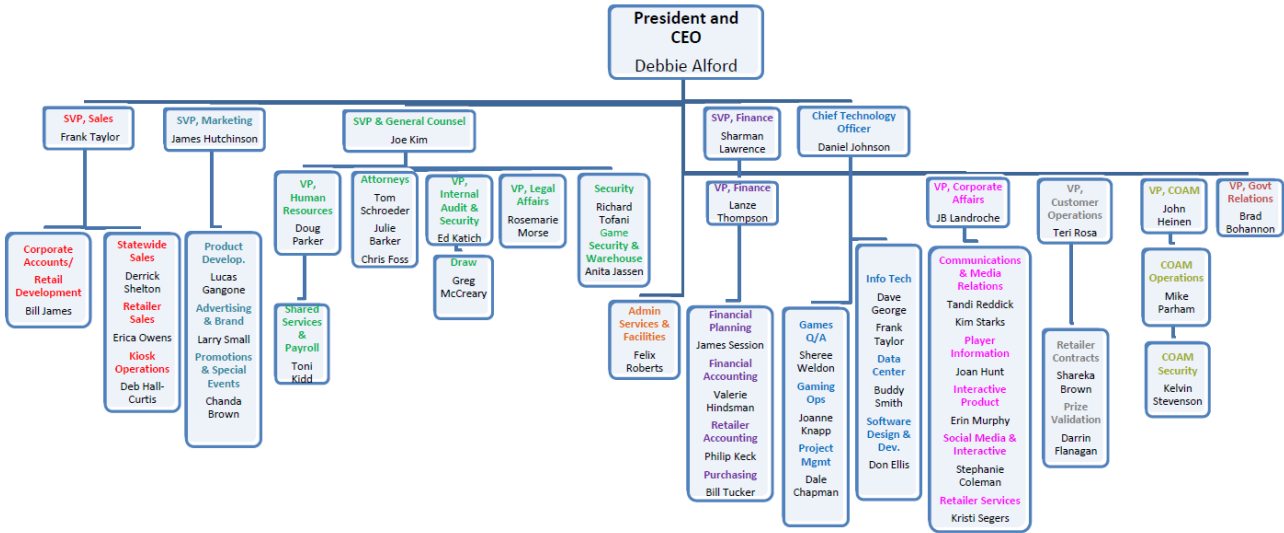
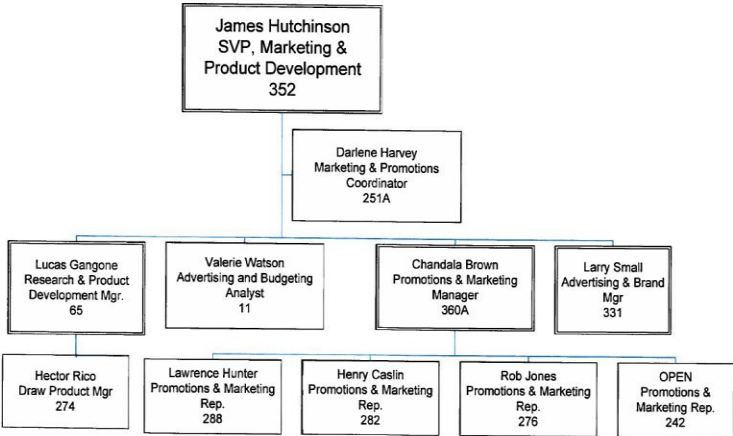
During the week of January 9, 2016, the GLC recorded its highest week of sales ever - more than \$127 million.

On December 18, 2013, Ira Curry of Stone Mountain, Georgia was awarded the highest single payout in GLC history, claiming half of the Mega Millions jackpot of \$648 million. Curry selected the cash option and received a lump sum payment of over \$173 million before taxes.

Televised drawings of the certain Draw Games are seen daily in six markets: WSBTV—Atlanta; WMAZ – Macon; WJBF – Augusta; WRBL – Columbus; WSAV – Savannah; WALB – Albany.

**THE GLC ORGANIZATIONAL CHART AND DEPARTMENT EXPLANATION**

(See Following Pages)





## THE GLC PRODUCT LINES

The GLC offers a variety of games to the playing public because no one game appeals to everyone. The range of games reflects the motivations and preferences of players. The GLC offers three groups of products:

Nine Draw Games (Cash 3, Cash 4, Fantasy 5, Georgia Five, All or Nothing, Jumbo Bucks Lotto, KENO!, Mega Millions, and Powerball) that are played through a computer terminals at retail locations. Players select numbers by filling out a playslip or telling retailer staff their numbers, or requesting a Quik Pik. A Quik Pik randomly select numbers for the customer through the Lottery terminal. Winning results are determined by live drawings at specific times.

KENO! is a uniquely positioned Draw Game that can be purchased at all traditional lottery retail locations. Drawings are held every three and a half minutes and can be viewed online, or on special KENO! monitors placed in approximately 1,000 social establishments (taverns, bars, restaurants) located throughout the state.

Scratchers are printed on paper stock and are displayed in special dispensers at retail locations. These games do not require a lottery terminal to play but, once played, can be validated as a winning or losing tickets through the lottery terminal in order to determine if prizes can be claimed.

Diggi Games or e-instant games are interactive games offered on the GLC's internet sales distribution channel – desktop and mobile. Offering a variety of playtypes and creative themes, the game portfolio averages approximately 25-30 games at different price points.

Players must be 18 years or older to play and GLC prizes must be claimed within the State of Georgia. In addition, the GLC promotes "playing responsibly" in its promotional materials.

Prizes must be claimed within 180 days after the winning draw date for Draw Games of 90 days from the End of Game for Scratcher Games. Prizes \$600 or less may be claimed at any retailer or from a Lottery District Office. Prizes up to \$199,999 may be claimed at any Lottery District Office. All prizes, regardless of amount, may be claimed at the Georgia Lottery Headquarters in Atlanta.

An outside vendor, GTECH Corporation, operates the entire on-line computer network for not only Draw Games but also confirmation, activation and validation of Scratcher Games. Two other vendors, Scientific Games, the primary printer, and Pollard Banknote Ltd, the specialty game vendor, are responsible for printing the Scratcher Game tickets. Scientific Games also manages the warehousing and distribution of Scratcher Games throughout the state. Vending machines offering Scratcher Games and Draw Games tickets are placed primarily in supermarkets and non-traditional outlets.

## Scratcher Games

Scratchers are instant win tickets which allow players to win immediately. Ticket price points are: \$1, \$2, \$3, \$5, \$10, \$20 and \$30. Each price point offers distinct product attributes, such as prize payout percentage, top prizes, number of play areas, number of chances to match winning numbers or symbols, and different physical sizes of the ticket.

While top prizes are typically the key driver to motivate a purchase, other prize levels play a significant role in driving a purchase. There are 3 categories of prizes on scratchers, the churn prizes, the chatter prizes and the high tier prizes. The “churn” prizes or low tier are generally reinvested in more Scratchers purchases or other lottery products, these are prizes between a free ticket (winning another ticket just like the one you purchased) and \$19. The “chatter” prizes are those prizes between \$20 and \$100 that folks would typically tell others about, hence the name “chatter”. Lastly, the high tier, are anything over \$100 up to the game’s top prize.

Last fiscal year Scratcher’s sales by price point

Price Point	\$1	\$2	\$3	\$5	\$10	\$20	\$30
Sales in \$	\$183,628,464	\$436,686,660	\$161,910,000	\$610,442,600	\$541,745,670	\$538,989,824	\$392,755,560
% of Sales	6.41%	15.24%	5.65%	21.30%	18.90%	18.81%	13.70%
AVG Top Prize	\$5,000	\$45,000	\$150,000	\$350,000	\$1 Million	\$5 Million	\$10 Million
Odds	1 in 4.7	1 in 3.95	1 in 3.85	1 on 3.5	1 in 3.2	1 in 2.95	1 in 2.92
Typical Qty (millions)	8.64	9.60	4.80	7.20	6.00	2.40	10.08

Play Mechanics for Scratchers:

List of Popular Game Mechanics	How it Works
Key Number Match	Match a winning number to your number(s).
Key Symbol Match	Match a winning symbol to your symbol(s).
Match 3	Match 3 like prize amounts and win that amount once.
Tic Tac Toe	Match 3 like symbols in a straight line.
Linked Game	Match coordinates to a grid and win corresponding prize
Extended Play	Bingo and Crossword are examples. Games that take a while to play and are engaging.
Add Up	Your winning outcomes need to match a particular value (i.e.7-11-21).
Symbol Find	Find Winning symbol and win associated prize.
Beat	Your Value beats that of an opponent on the ticket.

<b>SCRATCHER GAMES</b>	
<b>GAME</b>	<b>NET PROFIT %</b>
<b>\$1</b>	26.3%
<b>\$2</b>	21.1%
<b>\$3</b>	20.5%
<b>\$5</b>	19.4%
<b>\$10</b>	15.2%
<b>\$20</b>	14.5%
<b>\$30</b>	14.6%
<b>Diggi Games</b>	27.6%
<b>TOTAL PROFIT</b>	<b>17.8%</b>

### **Draw Games**

A brief profile of each Draw Game and its current sales performance follows:

- Cash 3: a twice daily pick-three game with thirteen ways to play. Odds are dependent on play-type chose, e.g. straight, box, combo or 1-Off, with maximum odds of 1 in 1,000. Wagers of \$.50 or \$1.00 available with a \$.50 wager paying \$250 for a straight play and a \$1.00 wager paying \$500 for a straight play.

For FY 2015, Cash 3 had \$516.1 million in sales, or 12.3% of total sales, and contributed 41.84% of its sales to revenue for education.

- Cash 4: a twice daily pick-four game with eighteen ways to play. Odds are dependent on play-type chose, e.g. straight, box, combo or 1-Off, with maximum odds of 1 in 10,000. Wagers of \$.50 or \$1.00 available with a \$.50 wager paying \$2,500 for a straight play and a \$1.00 wager paying \$5,000 for a straight play.

For FY 2015, Cash 4 had \$242.7 million in sales, or 5.8% of total sales, and contributed 43.58% of its sales to revenue for education.

- Georgia FIVE: a twice daily pick-five game with fifteen ways to win. One wins by matching numbers to the numbers drawn in exact order and in specific positions in a single play. Game costs \$1.00 per play with a maximum prize of \$10,000.

For FY 2015, Georgia FIVE had \$7.8 million in sales, or 0.19% of total sales, and contributed 37.19% of its sales to revenue for education.

- Fantasy 5: a lotto-style pari-mutuel pick 5 of 42 matrix game with daily evening drawing. Each wager is \$1.00. The top prize and amounts for the 3 and 4 match prize

levels vary by drawing since the amounts available for prizes (pools) are determined by the sales for each drawing and the number of winning tickets sold for each prize level or pool. If the top prize is not won, the amount rolls to the top prize for the next drawing. Prizes range from a free play for matching 2 numbers to matching 5 for the top prize in any order drawn. Fantasy 5 is positioned as a low odds (1 in 10.06 to win any prize), winnable game although the top prize cannot be advertised since it varies by drawing. For \$1.00 more per play, a player can play the add-on feature called Cash Match™ for a chance to win up to \$500 instantly.

For FY 2015, Fantasy 5 had \$89.2 million in sales (5% of sales came from Cash Match™), or 2.1% of total sales, and contributed 39.52% of its sales to revenue for education.

- Jumbo Bucks Lotto (started 2/22/15): a new lotto-style pick 6 of 47 matrix game with drawings twice weekly on Monday and Thursday nights. Each wager is \$1.00. Jackpots start at \$1,000,000 and grow from there. Players win by matching 3, 4, 5 or 6 numbers in any order drawn. The overall odds of winning any prize are 1 in 48 with the odds of winning the top prize 1 in 10,737,573. Jumbo Bucks Lotto is a traditional jackpot-driven game only available in Georgia and uses the popular Jumbo Bucks™ scratchers brand name for mass appeal. For \$1.00 more per play, a player can play the add-on feature called Cash Match™ for a chance to win up to \$500 instantly.

For FY 2015, Jumbo Bucks Lotto had \$14.6 million in sales (31.9% of sales came from Cash Match™), or 0.35% of total sales and contributed 34.39% of its sales to revenue for education.

- All or Nothing: A 12 of 24 matrix game with drawings four times a day. Each wager is \$2.00. As a player selects half of the number matrix, the odds of matching the numbers drawn and not matching the numbers drawn are equal. Subsequently, All or Nothing is positioned as a game where players can win by matching all or none of the winning numbers drawn with a total of 12 prize levels. The overall odds of winning any prize are 1 in 4.5 with the odds of winning the top prize 1 in 2,704,156. The top fixed-prize a player can win is \$250,000.

For FY 2015, All or Nothing had \$4.5 million in sales, or 0.32% of total sales and contributed 33.78% of its sales to revenue for education.

- Powerball: a lotto-style double matrix game with pick 5 of 69 numbers from one grid and 1 of 26 numbers in a second grid (the "Powerball"). Each wager is \$2.00. Drawings are twice weekly on Wednesday and Saturday evenings. The top prize for matching all five winning numbers plus the Powerball number is advertised as a guaranteed amount based on its estimated 29-year payout value. Players have a Cash Option choice to receive a lump sum payment of the net present value of the jackpot (the amount of funds invested now to payout the top prize over 29 years), which is smaller than the advertised top prize. There are eight other fixed prize levels based on various matches of winning numbers with or without the Mega Ball number, including a \$4 prize for matching only the Powerball number. The overall odds of winning any prize are 1 in 24.87 with the odds of winning the top prize 1 in 292,201,338. The Powerball appeal is in the jackpot prize and the excitement generated during a roll up. For \$1.00 more per play, a player can play the add-on feature called Power Play for a chance to multiply their non-jackpot prizes by up to 10X.

For FY 2015, Powerball had sales of \$116.3 million, or 2.66% of total sales and contributed 40.76% of its sales to revenue for education.

- Mega Millions: a lotto-style double matrix game with pick 5 of 75 numbers from one grid and 1 of 15 numbers in a second grid (the “Mega Ball”). Each wager is \$1.00. Drawings are twice weekly on Tuesday and Friday evenings. The top prize for matching all five winning numbers plus the Mega Ball number is advertised as a guaranteed amount based on its estimated 29-year payout value. Players have a Cash Option choice to receive a lump sum payment of the net present value of the jackpot (the amount of funds invested now to payout the top prize over 29 years), which is smaller than the advertised top prize. There are eight other fixed prize levels based on various matches of winning numbers with or without the Mega Ball number, including a \$1 prize for matching only the Mega Ball number. The overall odds of winning any prize are 1 in 14.71 with the odds of winning the top prize 1 in 258,890,850. The Mega Millions appeal is in the jackpot prize and the excitement generated during a roll up. For \$1.00 more per play, a player can play the add-on feature called Megaplier for a chance to multiply their non-jackpot prizes by up to 5X.

For FY 2015, Mega Millions had sales of \$117 million, or 2.54% of total sales and contributed 40.81% of its sales to revenue for education.

- KENO! is a fixed payout game in which players pick up to 10 numbers from a field of 1 – 80. Players can select to wager \$1.00 - \$10.00 per game. This game offers players the opportunity to customize the chances of winning and corresponding payouts by selecting from one to ten numbers (spots) for any game. Depending on the number of matches with the 20 winning numbers drawn by the lottery computer, players win different prizes. Odds are dependent on the play type or numbers per game chosen. Daily drawings are every 3.5 minutes with the winning results displayed on the KENO! Monitor in the retail location. The daily wagering starts at 5:00AM with the terminals closing at 1:00AM.

The appeal of KENO! is its flexibility of choices to play, its quick winning results and the atmosphere in which the game can be played. The play style of this game, especially with the drawing results being displayed immediately on a TV monitor, lends itself to both group play and extended play time generally available in locations with “social environments” such as bars and restaurants (as compared to the short visit nature by customers at other Lottery retailers, e.g. convenience stores, supermarkets or grocery stores, etc.).

For FY 2015, KENO! has sales of \$205.6 million, or 4.92% of total sales, and contributed 22.47% of its sales to revenue for education. Its recent sales growth is remarkable for the fact that gaming has expanded to Online play which makes up 6% of Keno! sales.

**Attachment E**

## **THE GLC RETAIL NETWORK STRUCTURE**

Approximately 8,700 retailers representing a variety of businesses handle GLC games across the State. Retailers average \$9,800 per week in lottery sales. Among the 17 different trade classifications of businesses selling GLC games, 71% of the outlets are convenience stores, accounting for 81.25% of all GLC sales. Supermarkets and grocery stores are the next largest group representing 11% of all retail locations and accounting for 6% of lottery sales. Package stores make up 7% of lottery locations and account for under 4% of sales.

The retail network is also classified into two groups:

Corporate Accounts – multiple outlet retailers who market under a common store name and may or may not be administered from a central office depending on whether it has franchises. Corporate Account outlets primarily fall into the Grocery, Big Box, and c-store trade classifications. This category represents 25% of all retail locations and account for 18% of sales.

Independently Owned/Operated Retailers - retail businesses run as sole proprietorships, make up 75% of retail locations and generate 82% of sales.

The GLC is taking several steps to improve the quality of the retail network:

- Upgrading the Lottery terminal software to improve processing certain game transactions, reporting and ordering terminal supplies
- Streamlining the Scratcher Game ticket return process so that the GLC sales staff can focus on selling and merchandising games
- Improved KENO! retail recruitment to expand game distribution, especially into quality social environment businesses
- Added 3rd party servicing retailer to enable expansion into non-traditional lottery outlets including Visitor's Centers and Office Buildings.
- Adding retail locations at Hartsfield Jackson Airport.

The retail network is supported with Lottery terminal supplies, Scratcher Games shipments and point-of-sale (POS) displays. Terminal supplies such as ticket stock, playcards and other technical support is delivered by IGT. The Scratcher Games are printed by Scientific Games and Pollard Banknote Ltd. All Scratchers Games are shipped directly to the retailer from the Scientific Games warehouse.

The GLC sales staff includes: GLC Sales Representatives (75), Assistant District Mangers (4), and District Managers (7) in the seven GLC districts.

In addition to their primary sales duties, the Sales staff participates in local retail events, including; Festivals, Fairs, Sports sponsorships, product promotions, etc.

## **THE GLC BUSINESS PLAN**

### **GLC FY 2016 Business Goals**

1. Stabilize and grow draw game sales/profits through the development and execution of new game concepts
2. Introducing game enhancements for certain games in the current portfolio
3. Optimize KENO! sales/profits through the development of product enhancements, growing the retailer base, and enhancing the brand presence at the retail level
4. Maintain and grow Scratcher sales/profits by launching premium products, adding new pricepoints to the game portfolio, increasing retailer distribution of best-selling games, and introducing spotlight and seasonal games
5. Improve retail performance by reducing out-of-stock product in vending machines and on-counter dispensers
6. Develop and execute promotional initiatives to stimulate greater retailers support and participation in selling more lottery products
7. Expand the GLC presence at Atlanta Hartsfield-Jackson airport to include concourses
8. Enhance product placement and merchandise displays at retail
9. Expand use of the Internet/mobile channel
10. Develop and execute a comprehensive marketing and product launch plan to maximize profit
11. Maintain an umbrella Georgia Lottery image advertising campaign to encourage playership of all games
12. Pursue operational excellence and efficiencies
13. Continually build stakeholder confidence
14. Promote and reinforce wherever possible the GLC education mission programs

**THE GLC GENERAL ADVERTISING DEPARTMENT POLICIES**  
(Excerpt from The GLC Policies and Procedures manual: Chapter 13)

**13.1.6 GENERAL GUIDELINES:**

In order to fulfill its mission statement, the Department will adhere to the following guidelines:

- a. Advertising should include a responsible play message when appropriate, and should not imply that lottery games will relieve a person's financial or personal difficulties.
- b. Ensure that the tone and attitude of all advertising is such that it will not encourage customers to act irresponsibly;
- c. Ensure that advertising does not create false hopes or over-promise the opportunity to win.
- d. Avoid the use of any animation or fantasy characters that might inadvertently target children.
- e. Avoid buying children's programming.
- f. Avoid advertising that may be perceived as denigrating the work ethic.
- g. Advertising should neither contain nor imply lewd or indecent language, image nor actions.
- h. Create advertising that focuses on attracting the attention of the entire adult population of Georgia, as opposed to attracting specific demographic groups. Marketing materials maybe translated into other languages to provide effective communications in large non-English speaking areas within Georgia.
- i. Consistently communicate that lottery games are for the enjoyment of the entire state of Georgia, not one specific geographic area.
- j. Select on-camera talent that represents the entire spectrum of the state's population.
- k. Participate in sponsorships and events that reach a variety of geographic areas in order to share the benefits of the GLC and the programs it funds with as many communities as possible.
- l. Make a strong commitment to working with minority-owned businesses whenever possible.
- m. Communicate the GLC's contribution to education and how it benefits all of Georgia.



## **THE GLC WORK FLOW**

The GLC is a continuously active, labor-intensive advertising account with multiple marketing, communications, creative, media and research projects requiring day-to-day management, execution and communications with the client. During FY 2015 over 398 jobs were processed through the advertising agency of record, averaging 33 projects per month. These projects include TV, radio, print, OOH, social, digital, retail/environmental, POS, video, research, coupons, trade show, experiential, etc.

The GLC works with the Ad Agency to produce an annual marketing calendar that is based on the projected product launches, product promotions, and marketing activities for the year. Each month, approximately 4 new scratcher games are introduced. One scratcher game per month is identified as a feature product. Each quarter, a new Draw game, or an enhancement to an existing Draw game, is introduced. The new or enhanced Draw product will be featured during the month it is launched. Featured products are typically launched with a comprehensive marketing campaign and may include all marketing mediums listed above.

The advertising decisions and approvals are made by a small number of GLC management personnel. The SVP Marketing provides approvals of all job estimates, creative concepts, budget items, etc.

The daily work flow:

- The Agency works with the Marketing and Product Development to create a product brief
- Agency presents three creative executions of featured product to SVP and Marketing team
- SVP and President provides final approval
- Agency obtain a written approval from GLC on all work prior to producing any work
- Agency account team participates in a Weekly POS Status Meeting led by the GLC Marketing, and includes the GLC Sales management team. Confirmation of all POS, distribution, production and delivery timelines are addressed in this weekly meeting
- Agency account team participates in a quarterly budget review meeting with the GLC marketing department
- Annual and quarterly media planning meetings
- Annual research planning
- Various planning meetings for special products, promotions and sponsorships as necessary

It is important for Proposers to understand that the pace and level of activity is very similar to an active retail business. The GLC management team monitors day-to-day sales and operations of lottery products. Based on unforeseen factors such as, inclement weather, economic fluctuations, stagnant sales, high jackpots, etc., the GLC may modify strategies, or initiate immediate tactics to maximize product sales.

**Attachment I**

**GEORGIA LOTTERY CORPORATION**  
**SCHEDULE OF PROPOSED COSTS AND/OR FEES - RFP # 02-09-16**

Please fill out the rate your firm will charge for each of the items listed below. If you intend to charge a fee for items 1, 2 or 3 below rather than a commission, please indicate the fees in the comment column or on a separate sheet attached to this Cost Proposal. The GLC will convert the commission rates and fees to an annual dollar amount based on volumes used for evaluation purposes only. **DO NOT TRY TO GUESS HOW ANY OF THE ITEMS WILL BE WEIGHTED BASED ON THE PAST OR THE FUTURE. OFFER YOUR BEST PRICING FOR EACH LINE ITEM.**

<u>ITEM</u>	<u>PERCENT CHARGE/RATE</u>	<u>COMMENTS (if applicable)</u>
1. <i>Media Commission</i>	_____ %	_____
2. <i>Production Commission</i>	_____ %	_____
3. <i>Research Commission</i>	_____ %	_____
4. Layout – B&W	\$ _____	quote all applicable hourly rates
5. Layout – 2/C (1 page)	\$ _____	quote all applicable hourly rates
6. Layout – 2/C (2 pages)	\$ _____	quote all applicable hourly rates
7. Layout – 2/C (3 or more page)	\$ _____	quote all applicable hourly rates
8. Layout – 4/C	\$ _____	quote all applicable hourly rates
9. Rescaled Layout (all versions)	\$ _____	quote all applicable hourly rates
10. Color Print (8 1/2" x 11")	\$ _____	quote all applicable hourly rates
11. Color Print (11"x 17")	\$ _____	quote all applicable hourly rates
12. Mechanicals (each)	\$ _____	quote all applicable hourly rates
13. Storyboard (:60)	\$ _____	quote all applicable hourly rates
14. Storyboard (:30)	\$ _____	quote all applicable hourly rates
15. Storyboard (:15)	\$ _____	quote all applicable hourly rates
16. Storyboard (:10)	\$ _____	quote all applicable hourly rates
17. Special Project/Events	\$ _____	quote all applicable hourly rates
18. Research/Analysis	\$ _____	quote all applicable hourly rates
19. Social Media	\$ _____	quote all applicable hourly rates
20. Interactive	\$ _____	quote all applicable hourly rates

**NOTES:**

There will be no commission applicable to items #4 – 16.

For Cost Proposal evaluation purposes, one hourly rate for the specified category will be used for items #17 & 18.

## **GLOSSARY OF LOTTERY GAME TERMS**

**Annuity Payout** – a method of paying a prize in increments over a period of time. This is typically accomplished by investing the amount of money available at the time the prize is awarded in securities or other forms of financial instruments to achieve payout of the promoted total prize value by the end of the time period (in contrast to a Lump Sum Prize Payout).

**Diggi Games** – a product category of e-instant interactive games offered on the GLC's internet sales distribution channel – desktop and mobile. Offering a variety of playtypes and creative themes, the game portfolio averages approximately 25-30 games at different price points.

**Draw Games** – a type of lottery game involving a drawing of a smaller group of numbers from a range of numbers, or matrix, to determine winning results. Players attempt to match the winning numbers by choosing numbers in advance through the use of playslips or verbal communication with the retail staff. Players can choose specific numbers or use Quik Pik, a method of having the lottery computer randomly select the numbers for the player. Prizes are determined by all or some of the winning numbers drawn based on the specific game prize structure.

**eInstant** – interactive Lottery games played through the internet channel. Games offer a variety of playtypes and creative themes.

**Fixed (Prize) Payout** – a method of paying prizes in which the prize amounts to be awarded are set and published in advance of the particular game play, including selling tickets and/or placing wagers, determining winning results and paying prizes (in contrast to a Pari-Mutuel Prize Payout).

**Game Drawing** – the method used to determine the winning numbers for a Draw Game typically by selecting numbered balls from a group of numbered balls representing all the possible numbers for any specific game.

**Game Matrix** – a term used to describe the range of numbers from which a smaller group of numbers is selected or drawn to determine the winning results for a particular game, e.g. the Fantasy 5 game is described as a 5 of 39 game meaning that the numbers 1 through 39 represent the matrix from which five winning numbers will be selected for each game drawing. As part of the game play, players also select five numbers in advance of the game drawing in an attempt to match the five winning numbers.

**Game Panel** – a printed portion of a Draw Game Playslip which includes the range of numbers (or Quik Pik option) from which a player makes his or her number selections for an upcoming drawing by marking the selected number areas with a pen.

**Game Ticket** – a printed piece of paper with the specific Draw Game, drawing date, number selections by the player, method of number selections, amount wagered and transaction number issues by the Lottery Terminal when a wager is made and recorded.

**Keno Monitor** – a television-style monitor with control box that graphically presents the results for the computer-generated drawings for KENO!

**Lump Sum Payout** – a method of paying the total value of the prize at the time the prize is awarded (in contrast to an Annuity Prize Payout). This prize can be the promoted value such as the top prize of a Scratcher Game or the amount of money available when the prize is awarded (“net present value”) needed to invest over time to pay out the promoted total value of the prize such as a Mega Millions jackpot.

**Pari-mutuel (Prize) Payout** – a method of paying prizes in which the prize amounts are determined by the amount of tickets sold, funds from the ticket sales allocated to each prize level or pool and divided equally among the number of winning tickets for each prize level or pool. The prizes will vary drawing to drawing based on the sales, number of tickets sold and number matching different prize levels (in contrast to Fixed Prize Payout).

**Playslip** – a piece of paper with preprinted information in Game Panels on which players make number or Quik Pik selections for a specific Draw game by marking designated areas with a pen. Playslips can also have areas for players to determine if they wish to play for a number of game drawings in advance (“advance play”) or if they wish to cancel entries in a Game Panel (“void”).

**Prize Level** – the specific prize to be paid for a winning result. Typically, a game will have multiple prize levels based upon matching certain combinations of winning numbers or symbols.

**Prize Pool** – the amount of funds from tickets sold allocated to a particular prize level within a prize structure.

**Prize Structure** – the combination of different prize levels or pools to make up the complete prize payout for a specific game, whether Scratchers or Draw games.

**Quik Pik** – a method of having the lottery computer randomly select the numbers for the player and print the selections on the game ticket.

**Retailer** – a local business that offers and sells lottery games in addition to other products which the business offers and sells.

**Roll Up** – a term describing how the funds not won for the top prize of an Draw Game will be added to the funds generated by sales for the same top prize pool prior to the next drawing of that game. Typically, this term is used for jackpot games such as Mega Millions which experience a number of drawings (“run”) without the top prize being won (“hit”).

**Roll Down** – a term describing how funds not won for the top prize or possibly other prize levels of an Draw Game will be re-distributed to the prize pool at next lowest prize level to increment the prize payouts for the winning tickets at that level.

**Scratchers** (also referred to as Instant Games) – a type of lottery game involving preprinted tickets with a scratch off coating. Players scratch off the coating to determine

the results of the game. The games typically have names, themes, various graphic styles and color ranges and variable dimensions in addition to the coated play areas. Prizes are pre-determined by the anticipated number of tickets printed and sold as well as funds available to build a prize structure. The winning tickets are randomly distributed throughout the entire printing of a specific game. The printed books or packs of ticket for the game are then randomly shipped to retailers based on how orders are received from the entire retail network to ensure equal chance for all players to win.

**Scratcher Game Card** – most commonly used as an alternative description for a Scratcher Game ticket (not to be confused with a Game Panel which is part of a Draw Game Playslip).

**Terminal** – the lottery retail equipment for processing and recording Draw Game wagers and certain promotional offers, printing Draw Game wagering and promotional tickets, validating winning and losing Draw or Scratcher Game tickets, making quick pick selections, displaying messages with instructions and reports for the retail staff and displaying promotional information for retail customers. The terminal is linked to a central computer system which records and transmits information to and from the retail terminal by either dedicated electrical lines or satellite transmissions.

**Ticket Checker** – the lottery retail equipment that players or retailers can use to validate if an Draw Game ticket is a winning or losing one. The equipment does not have any other function but is considered very helpful to retailers since staff does not have to spend time checking tickets for customers.

**Vending Machines** – the lottery equipment that accepts cash and dispenses tickets for Scratchers and Draw games. Select machines only dispense Scratcher games. The equipment does not make change and requires regular stocking as well as updating game displays.

**Winnability** – a term used to describe a player's perception of his or her chances of winning a particular game based on a number of subjective factors including playing experience, ease of playing, number of chances to match winning numbers or symbols as well as other factors.

**GLC PLAYER MARKET SEGMENTS  
(% OF GEORGIA LOTTERY PLAYER UNIVERSE)**

**Segment Profile - Enthusiasts (11%)**

This group LOVES to play the lottery and play it frequently. They thrive on the ritual – playing the same numbers, buying from the same places on the same day(s) every week. Their glass is always half-full and they know they will win – it is only a matter of time. While they love the big money games, they play them all. The lottery is over-the-top fun and exciting for this group and they love to win anything – cash, merchandise, you name it.

- Skew young (more 18-24, 25-34 than any other segment) and have the highest concentration of singles and households with kids under 18 living at home.
- They have the highest percentage of African Americans and Hispanics.
- This group is less affluent (household incomes of less than \$35k) and have the most players who have lived in Georgia less than 20 years.
- They are frequent players of the Georgia Lottery and, as a group, play all the games daily or weekly.
- They are the ones most likely to purchase multiple tickets and spend more per play.
- They have played Georgia Five the longest of any segment and they play Cash 3, Cash 4, Win For Life, Decades of Dollars and Georgia Five more now than they did in the past.

What they might say:

*The lottery? I love playing the lottery. I can't tell you how often I daydream about what I would do if I won the jackpot. Each time I see the jackpot amount on a billboard, I calculate in my mind what the payout would be and then I make a list of how to spend it.*

*Yes, I think I can win. My chances are just as good as anyone else's and, after all, someone has to win so why not me? I'm pretty lucky.*

*I ALWAYS buy from the convenience store on HWY 22. I've heard that smaller, out of the way locations are luckier. Whenever I buy a ticket, I always fold the upper right hand corner of the ticket back. I have never won on a ticket where I didn't first fold the corner.*

*Don't get me wrong, it not just about the jackpot games for me. I love the scratch-offs too. In fact, I actually spend more on scratch-offs – my kids love to play those with me.*

### **Segment Profile - Rank & File (30%)**

They like to play the lottery and would like to win big, yet keep things in perspective and don't live to play. Ritual is not important to this segment and they are not likely to invest big money or a lot of emotion in the lottery. Yet, as long as the lottery exists, they will play. They are not movers and shakers but more of the journeymen when it comes to lottery play. They are not faith-oriented, not into exercise or early mornings and not comfortable in the spotlight.

Who they are:

- This segment is split male/female and varies widely in age.
- There is a wide range of incomes, with a sizeable portion who are in the lower income range.
- This group has a high concentration of Caucasian players (2<sup>nd</sup> only to the Ho-Hums).
- They are less likely to have kids under 18 in the home.
- They tend to play Mega Millions and Powerball more now than in the past.
- They like to win big with the jackpot games, but are equally interested in Instant Games.

What they might say:

*Sure, I'd like to win the lottery. Who wouldn't, right? And, yeah, I do think it is kind of fun to play, but I don't spend a lot of time thinking about it. It is just something I do...one of many things I like to do. I don't think I'll ever not play, but I also don't think I ever play a lot more than I do now.*

*Those people who are so superstitious about how and where they play the lottery seem kind of silly to me...a lot of energy for something that won't improve their chance of winning.*

*When it comes to what motivates me, I don't want to be the center of attention...I'd rather let someone else do that. I'm not in to the whole exercise thing and the perfect day for me would start with sleeping in late!*

*Living in the Bible belt, it seems a lot of people are religious, but that's not really my thing. To each his/her own.*

### **Segment Profile - Adventurers (27%)**

Adventuresome, always looking to get ahead, goal focused and control oriented, this group likes to take risks and be the first to try something new. They will daydream about the lottery but aren't very interested in rituals or routine. They feel good about supporting HOPE through the lottery, but play because they find the lottery fun and exciting – but not to the level of an Enthusiast.

Who they are:

- Tend to have more women and African Americans and fewer Caucasians than the other segments (except for Enthusiasts).
- They tend to be younger (high concentration of 25-34 year olds).
- They are more likely to have kids under 18 in the home.
- They tend to spend a lot per play on Instant Games and Mega Millions.
- They have played Cash 3, Cash 4 and Instant Games longer than any other group, and they play Mega Millions and Powerball more and Decades of Dollars less now than in the past.
- They are not bound by ritual when they play the lottery.

What they might say:

*There is nothing worse than having to do the same thing day in and day out. I have to change things up and the only way to do that is to be willing to get outside my comfort zone.*

*I plan on going somewhere in life...I have goals that I want to achieve for financial success and for my career and family. Move it or lose it, I always say. So, I guess it won't surprise you to know that I like to be in charge of things.*

*When it comes to the lottery, I do think it is fun to think about winning and how that may change my life. And, it does make me feel good to know that any money I spend on lottery tickets goes toward the HOPE scholarship...I like it that I can have fun and support the education system in Georgia.*

*I like it when new games come out and enjoy playing lots of different kinds of games. Rituals? No, I don't really go in for that kind of thing.*



### **Segment Profile - Jackpotters (21%)**

This is the group that cannot resist playing the lottery when the jackpot is high; otherwise, they are not likely to participate because they don't find it fun or exciting. They are very competitive and consider themselves good money managers and are busy planning for retirement. They are the first ones up in the morning and like a healthy dose of routine in their day.

Who they are:

- They are the most likely to play when the jackpot is high.
- They are older (age 55+), married and have the highest percentage of males.
- They are the least likely to have kids under 18 in the home.
- They are more affluent – having a higher concentration (than the other segments) of households with incomes in excess of \$75,000 (and fewer under \$25,000).
- They tend to be very well-educated – with the highest percentage of post grads and the lowest percentage of Georgians who have only completed high school.
- This group has played most of the Georgia Lottery games for a longer period of time than any of the other segments.
- They play Powerball, Win For Life and Georgia Five less often than in the past and are the most likely to have stopped playing Cash 3, Cash 4, KENO! and/or Instant Games.
- This group is the least likely to play games online.

What they might say:

*I will admit, I'm competitive by nature. I tend to be up early and at it. I'm a planner and a doer – not much time for sitting still.*

*I wouldn't consider myself a "lottery player" per se, but when that jackpot number gets high enough, I'm in. Why wouldn't I want to spend a dollar or two to win \$250 million dollars? Seems like it is worth the cost.*

*It is hard for me to justify playing on a more regular basis because it just doesn't seem like a good investment. I pride myself in the way I manage our finances – in fact, I'm right in the middle of retirement planning and I feel like I have done a pretty good job.*

*Would I say the lottery is fun to play? Not exactly. Fun is going to a movie or spending the evening with family and friends. So, it is a bit of stretch to call it fun.*

### **Segment Profile - Ho-Hums (11%)**

The lottery is of little importance to this group and they tend to play as an afterthought. Even though they play, they think the lottery is zero fun and provides little or no excitement. Perhaps they feel this way because they are extremely risk averse and never the first to try new things. They seldom tire of doing the same thing day after day and consider themselves unlucky (they don't even daydream about winning).

Who they are:

- This group has the highest percentage of Georgians age 55+. They skew high in married and low in singles.
- They have the highest concentration of Caucasians and tie with Rank & File for fewest African Americans.
- They have fewer household with kids under the age of 18.
- They play more Decades of Dollars and Georgia Five now than they did in the past.
- They play less Mega Millions now and are more likely to have stopped playing Powerball, Fantasy 5, KENO! and Instant Games.
- They are the least likely to play online

What they might say:

*I do play the lottery, but I can take it or leave. I only really think about the lottery when I'm at the convenience store on Tuesday and Thursday mornings getting coffee. So, occasionally, if I have an extra dollar or two, I buy a ticket when I get my coffee. Sometimes I go weeks or months without buying a lottery ticket.*

*Why? Well, I'm not very lucky when it comes to winning things. In fact, I can't remember the last thing I won. Also, I've got better things to do than sit around and daydream about winning a gazillion dollars.*

*I just don't understand what all the fuss is about. Some talk about how fun or exciting it is to play the lottery. Where's the fun in buying a ticket, scratching off some numbers only to find out you didn't win?*

*I've felt this way my whole adult life and I'm not likely to change now.*