



Questions and Answers

Request for Proposals #19-S-0002 for Advertising Agency Services

March 11, 2019

The following Questions and Answers (Q&A's) concerning Northstar New Jersey Lottery Group, LLC's ("Northstar") February 4, 2019 Request for Proposals #19-S-0002 for Advertising Agency Services ("RFP") are intended to clarify the requirements of the RFP to enable Bidders to submit responsive Proposals. If any of the following Q&A's conflict with any part of the RFP, the Q&A's will prevail.

Q1: Have you ever worked with SAG signatory agencies before and is that a problem for you?

A1: No, Northstar has not previously worked with SAG signatory agencies. All Bidders' proposals will be evaluated on the same criteria as set forth in the RFP.

Q2: Can you break out the entire 2018 marketing budget:

- a. Media Spend
- b. Production Budget
- c. Media Planning/Buying Agency Fee
- d. Creative Advertising Services Agency Fee

A2: a. See RFP Section 1.1.12.

b. Production budgets can vary significantly based on campaigns. On average, Northstar's total combined creative and production spending (agency and external vendors) is approximately \$3,000,000 annually.

c. The compensation paid under the current Advertising Agency Services subcontracts will not be a factor in evaluating the competing proposals submitted in connection with this RFP.

d. The compensation paid under the current Advertising Agency Services subcontracts will not be a factor in evaluating the competing proposals submitted in connection with this RFP.

Q3: Are you willing to share your budget parameters for production? We're looking to be as efficient as possible with budgets and would love to find opportunities to bundle.

A3: This information will be made available to the Creative and Coordinating Advertising Agency Services Subcontractor and the Media Planning and Buying Services Subcontractor resulting from this RFP competition, as deemed appropriate by Northstar.

Q4: How much do you consider online gambling to be a part of your competition?

A4: Many types of gambling may be considered competition to the New Jersey Lottery.

Q5: Schedule 1 focuses on Bidder prices for the work described. Are Bidders to exclude external vendor/production costs from estimates?

A5: Yes, for Schedule 1, Bidders should exclude external vendor/production costs from estimates.

- Q6: Will your current agencies; Marketsmith, Inc. and PureRED rebid?
- Q6.a: If not, what things in particular are you hoping to improve upon with your new creative and media partners?
- A6: The incumbent subcontractors are eligible to participate in this RFP competition for the Creative and Coordinating Advertising and Agency Services Subcontract and the Media Planning and Buying Services Subcontract.**
- a. See RFP Section 1.1, Current Marketing and Advertising Program.**
- Q7: Disclose Bidder's net revenues for the last three (3) years. Please confirm that this information can be marked and remain as confidential.
- A7: See RFP Section 2.2.3. Northstar intends to submit to the State of New Jersey and/or the New Jersey Lottery complete copies of the Creative and Coordinating Advertising Agency Services Subcontract and the Media Planning and Buying Services Subcontract, as well as the finalist Proposals submitted by the finalists receiving those Subcontract awards. Northstar may be required to furnish other materials or Proposals submitted by a Bidder in connection with the RFP, upon the request of the State of New Jersey and/or the New Jersey Lottery. Any documents and materials provided to the State of New Jersey and/or the New Jersey Lottery may be subject to disclosure under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq. ("OPRA"). Whether or not certain information contained in these documents and materials that a Bidder has marked as confidential is exempt from public disclosure, will be decided by the State of New Jersey based upon a Bidder's explanation of the specific grounds for exemption under OPRA and the applicable requirements of OPRA.**
- Q8: What determines Digital Success since players cannot purchase tickets online?
- A8: We compare the results of any digital advertising to traditional industry benchmarks and the performance of our own prior campaigns. Evaluations include aided ad recall, click-throughs, bounce rates and other measures.**
- Q9: What are the core KPIs for Digital?
- A9: Please refer to A8.**
- Q10.1: Are we permitted to layout/typeset our Agency Fact Sheet, or are we required to type our responses within Exhibit A?
- Q10.2: When we send through the fact sheet are you open to a file that's designed or should we follow the specific format per Exhibit A?
- A10: Bidders may submit their own document in responding to the questions presented in Exhibit A. To the extent Bidders choose to do so, please follow the same basic format and order of the Exhibit A. Please note, we are not looking for a creative output regarding the design of the Exhibit A response.**
- Q11: You are requesting budget ranges per client. We are assuming that this information can be marked and kept as confidential as you note on page 27, section 2.2.3.

- A11:** See RFP Section 2.2.3. Northstar intends to submit to the State of New Jersey and/or the New Jersey Lottery complete copies of the Creative and Coordinating Advertising Agency Services Subcontract and the Media Planning and Buying Services Subcontract, as well as the finalist Proposals submitted by the finalists receiving those Subcontract awards. Northstar may be required to furnish other materials or Proposals submitted by a Bidder in connection with the RFP, upon the request of the State of New Jersey and/or the New Jersey Lottery. Any documents and materials provided to the State of New Jersey and/or the New Jersey Lottery may be subject to disclosure under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq. (“OPRA”). Whether or not certain information contained in these documents and materials that a Bidder has marked as confidential is exempt from public disclosure, will be decided by the State of New Jersey based upon a Bidder’s explanation of the specific grounds for exemption under OPRA and the applicable requirements of OPRA.
- Q12: You are requesting total billings per year. We are assuming that information can be marked and kept as confidential as you note on page 27, section 2.2.3.
- A12:** See RFP Section 2.2.3. Northstar intends to submit to the State of New Jersey and/or the New Jersey Lottery complete copies of the Creative and Coordinating Advertising Agency Services Subcontract and the Media Planning and Buying Services Subcontract, as well as the finalist Proposals submitted by the finalists receiving those Subcontract awards. Northstar may be required to furnish other materials or Proposals submitted by a Bidder in connection with the RFP, upon the request of the State of New Jersey and/or the New Jersey Lottery. Any documents and materials provided to the State of New Jersey and/or the New Jersey Lottery may be subject to disclosure under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq. (“OPRA”). Whether or not certain information contained in these documents and materials that a Bidder has marked as confidential is exempt from public disclosure, will be decided by the State of New Jersey based upon a Bidder’s explanation of the specific grounds for exemption under OPRA and the applicable requirements of OPRA.
- Q13: In Section 3.1 (Background and Capabilities) there is a request for staff members’ experience relevant to the Lottery. Is this in reference to the six team members we are including in the fact sheet or are you looking for relevant experience from all agency staff?
- A13:** In Section 3.1 we are looking for relevant, full agency staff experience as to the categories listed in the RFP, including any Lottery relevant experience. Separate from this requirement, the Agency Fact Sheet requires Bidders to provide “a short biography of no more than six team members who would manage the account and describe their current roles and their past experience.” To the extent applicable, we would expect lottery experience to be included in these biographies.
- Q14: Each Bidder must submit, as an attachment to the Technical Proposal, audited financial statements for the past three (3) fiscal years, regardless of the type or classification of business entity. A Proposal including unaudited financial statements must include an explanation as to why the statements were not audited. Please confirm that this information can be marked and remain confidential.

- A14:** See RFP Section 2.2.3. Northstar intends to submit to the State of New Jersey and/or the New Jersey Lottery complete copies of the Creative and Coordinating Advertising Agency Services Subcontract and the Media Planning and Buying Services Subcontract, as well as the finalist Proposals submitted by the finalists receiving those Subcontract awards. Northstar may be required to furnish other materials or Proposals submitted by a Bidder in connection with the RFP, upon the request of the State of New Jersey and/or the New Jersey Lottery. Any documents and materials provided to the State of New Jersey and/or the New Jersey Lottery may be subject to disclosure under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq. (“OPRA”). Whether or not certain information contained in these documents and materials that a Bidder has marked as confidential is exempt from public disclosure, will be decided by the State of New Jersey based upon a Bidder’s explanation of the specific grounds for exemption under OPRA and the applicable requirements of OPRA.
- Q15: As per 2.2.9 Financial Statements: The RFP states that a Bidder must submit audited Financial Statements. Insofar as we are a privately owned advertising agency with no affiliations, we have historically engaged our independent 3rd party accounting firm to provide ‘Compiled Financial Statements’ which has been adequate comfort for our typical recipient. Is this okay or do you need audited financials? If we are lucky enough to move forward with you and your team we’d be open to doing a yearly audit with any of your preferred partners.
- A15:** **See RFP section 2.2.9. Compiled Financial Statements from an independent 3rd party accounting firm will be acceptable provided the Bidder includes an explanation as to why the statements were not audited.**
- Q16: Are employees of the winning agency still eligible to participate in the New Jersey Lottery?
- A16:** See Exhibit E, Section 9 of the RFP.
- Q17: What is your highest ROI vehicle?
- A17:** **No such data is available.**
- Q18: Within online, what is the breakout for social vs digital and how has that shifted over F15-F18?
- A18:** **Social media advertising represents a small percentage of total digital media, but the annual investment in social media advertising has increased significantly over the past five (5) years.**
- Q19: What is the optimal Reach and Frequency as it related to ticket sales across your target audience?
- A19:** **No such data is available.**
- Q20.1: Is the logo and tagline in play or are they sacred cows?
- Q20.2: Should we assume that the principle marks of the lottery brand (tag line, logo and overall brand design and look) will stay the same, or are you open to new ideas for brand refreshment?
- A20:** **For the purposes of this RFP competition, Bidders should presume that the Lottery’s principle marks will remain the same.**
- Q21: How has Hispanic player-ship grown, decreased or stayed flat, in the last two years?

A21: Relevant data and insights will be included in the briefing process for finalists' Phase 2 creative and media assignments.

Q22: Over 70% of players are over 35, talk about the effort currently underway to down age the Lottery to invite in younger players.

A22: Relevant data and insights will be included in the briefing process for finalists' Phase 2 creative and media assignments.

Q23: The average time spent on site visit is over 2 minutes – are there averages or trends for how visitors spend their time within the site?

A23: Relevant data and insights will be included in the briefing process for finalists' Phase 2 creative and media assignments.

Q24: Are there any pre-existing media relationships/contracts we should be taking into consideration?

Q24.a: If so, what are the spending commitments?

A24: No pre-existing media contract is relevant to any Bidder's Proposal submitted in response to the RFP.

Q25: From an NDA standpoint, can we make it mutual?

Q25.a: If so, can you please provide in a word document format so that we can redline?

A25: No.

Q26: Is there a strict limit of two case histories or is there a minimum of two case histories?

A26: The minimum is two (2) case histories. No more than four (4) will be considered.

Q27: "In Phase 2, each finalist chosen at the conclusion of Phase 1 will have the opportunity to make a presentation of its Proposal, including, without limitation, descriptions, discussions, and demonstrations of case histories and proposed concepts and campaigns." As a finalist you have indicated that during the presentation the agency will have the opportunity to present proposed concepts and campaigns. Are you referring to presenting the case study work, or is there a specific creative and media assignment that needs to be developed?

Q27.a: If so, can you provide the details accordingly?

Q27.b: Or will that information be provided at the time of finalist notification? Please clarify.

A27: There will be specific media and creative assignments in Phase 2 of the RFP competition that will be provided to each of the selected finalists.

Q28: Please confirm that in order to proceed to Phase 2 of the RFP process the criteria outlined on pages 33 through 35 will be the only deciding factor and there is not a creative or media assignment that needs to be executed. Specifically, each agency will be evaluated based solely on their case studies and the other weighted criteria to make a final determination --- there is no spec creative or media plans required in the RFP.

A28: See RFP Sections 2.1.1 and 2.1.2. In Phase 1, Northstar will evaluate and score the Bidders' Agency Fact Sheets, including case histories. Each Bidder will then be ranked according to the assigned scores, and no more than five (5) finalists achieving the highest scores in each category

of desired services may be invited to submit detailed proposals, in response to an assignment to be provided by Northstar, for evaluation in Phase 2.

Q29: Is the Bidder permitted to discuss cost proposals during the “Final presentation”?

A29: No. See RFP Section 2.1.2.

Q30: Within the RFP there is a mention of our acknowledgement to work within your production guidelines. Would you be willing to share these guidelines with us?

A30: We don’t understand the question or the reference to “production guidelines”.

Q31: Can we see the 2017 A&U?

A31: Relevant insights and data will be included in the briefing process for finalists’ Phase 2 creative and media assignments.

Q32: Have you performed qualitative research?

Q32.a: If yes, would you share the reports?

A32: Relevant insights and data will be included in the briefing process for finalists’ Phase 2 creative and media assignments.

Q33: Do you have any other studies you’re willing to share around sentiment or behavior?

A33: Relevant insights and data will be included in the briefing process for finalists’ Phase 2 creative and media assignments.

Q34: Do you have demographic, psychographic or behavioral data on purchasers by game?

A34: Relevant insights and data will be included in the briefing process for finalists’ Phase 2 creative and media assignments.

Q35: Do individual retailers promote certain games over others?

Q35.a: Are they incentivized?

A35: Yes to both questions.

Q36: What do you attribute the sales decline across “home grown-Pick” franchise and flat growth for Scratch-Offs?

A36: Relevant insights and data will be included in the briefing process for finalists’ Phase 2 creative and media assignments.

Q37: Will the selected agency oversee the website and Social Media channels in terms of monitoring and curating?

A37: No.

Q38: Is the successful deployment and marketing of new subscription services an important strategy for the next contract?

A38: No.

Q39: The RFP requires the attached MSA to be signed within 5 days of the grant of the assignment. Do we have the opportunity to redline and discuss well in advance?

Q39.a: If so, can you please provide in a word document format?

A39: No. See also RFP Part 4.

Q40: Is increasing this (VIP Club) membership meaningful to the NJ Lottery and if so, is there a KPI for it?

A40: Yes. Relevant insights and data will be included in the briefing process for finalists' Phase 2 creative and media assignments.

Q41: What are the demographics of the VIP Club members?

A41: Relevant insights and data will be included in the briefing process for finalists' Phase 2 creative and media assignments.

Q42: What percentage of the VIP Club are active members?

A42: Relevant insights and data will be included in the briefing process for finalists' Phase 2 creative and media assignments.

Q43: Is the VIP Club ad supported and nurtured?

A43: Yes.

Q44: Can we see an example of the "Where the money goes" program materials?

A44: Relevant insights and data will be included in the briefing process for finalists' Phase 2 creative and media assignments.

Q45: We've visually mapped out a yearly plan for deliverable on the following pages: Can you let us know if this is the right way to think about the volume of work?

Q45.a: Specifically, are these the right pillars & deliverables?

Q45.b: Can you share a historical campaign roll out that we can leverage to build a potential SOW?

A45: See RFP Section 2.2.7.