

RFP

Media Planning and Buying Services – Questions from Vendors

1. What are the biggest challenges you need your media agency to solve for?

Answer: Assistance transitioning the Illinois Lottery to a business that is able to effectively influence and measure media across all touchpoints on our consumer's path to purchase, increasing awareness, affinity and conversion across all target consumer groups in Illinois. As we increase our focus on digital media, we want to be sure we are leveraging our Big Data Platform to most efficiently reach and convert consumers.

2. What is the split in current paid media investments across the channels outlined on page 2? Or at a high-level, what is the offline/online split? And is there a desire to shift that for this coming year?

Answer: We currently spend between \$20-\$25MM on media, and that number is expected to increase over time as we make adjustments to our business model and allow for more working media dollars vs production. To date (Q1 - Q3 of FY 19), Camelot Illinois spent 16% of our media budget on Digital. In Q4, we imagine this will be a significantly higher percentage given our coming initiatives (app launch and direct response campaigns to support the website). Moving forward, we'd like to aim to have digital closer to 25% of our total media spend.

3. Confirm Camelot's total annual level of media spending.

Answer: We currently spend between \$20-25MM a year across all media channels.

4. What are you most looking for in an agency?

Answer:

- Proven ability to add value to their clients' business through strategic contributions that drive business results and high return on marketing investment.
- Highly innovative, with a proven track record of innovative thinking.
- Brings strong insights to all assignments; consistently brand and consumer focused.
- Strategic and analytical; consistently provides strong rationale for recommendations along with relevant KPIs to measure success.
- A highly accountable and transparent agency partner; both in the way they conduct business and in financial management of clients' marketing investment.
- Demonstrated understanding of Illinois Lottery's business.
- An experienced agency team in all areas of service, with an emphasis on deep knowledge of the Illinois market and the Lottery's target audiences.
- Ability to effectively translate client direction into the agency's work.
- Has strong project management skills; able to juggle the demands of multi-faceted media programs with strong attention to detail.

- Ability to lead work collaboratively and in a highly integrated way with the Lottery's other agency partners and vendors from planning through to in-market deployment of programs.

5. How would you describe the media mix between Brand Awareness vs. Conversion/Ticket Sales focused?

Answer:

- Prior to Camelot winning the Illinois Lottery business, all paid media was primarily focused on driving awareness, and through awareness, sales/growth. The iLottery platform was not widely advertised, and did not have direct response/acquisition focused campaigns driving consideration/trial of these properties.
- Currently, users are only able to purchase draw games online, so all Instants campaigns still use geo-fenced awareness tactics and in-store shopper marketing to influence purchase behavior in retail.
- In Camelot Illinois's first year on the business, we have successfully completed a Technical Transition (TT), the largest iLottery expansion completed in the United States in over twenty years. TT replaced all existing retail terminals across all 7300 retail locations with state of the art units, and successfully launched a new website and app capable of tracking and executing acquisition focused campaigns. Consequently, we are now using digital media to directly drive conversions on the website and app.

6. Can you share your current/past budget media allocation by channel?

Answer: This is not a question relevant to completion of Part 1 - Appendix B; Camelot Illinois will hold and answer this question as part of Part 2 Q&A.

7. How does Camelot Illinois employ data to target and reach your prospective customers at scale?

Answer: This is not a question relevant to completion of Part 1 - Appendix B; Camelot Illinois will hold and answer this question as part of Part 2 Q&A.

8. Can any first party data be used for targeting? If so, can you detail how 1st party data has been used in the past?

Answer: This is not a question relevant to completion of Appendix B; we will hold and answer this question as part of Part 2 Q&A.

9. Within the 12 million adult-aged Illinois residents, does Camelot have any audience profiles or targeting segments that are of higher value? Within the "core weekly players", what are the most common attributes across that 1.5M population – can you share any demographic, psychographic, or geographic information here?

Answer: This is not a question relevant to completion of Part 1 - Appendix B; Camelot Illinois will hold and answer this question as part of Part 2 Q&A. See Appendix D,

Section 2 for FY 20 priority segments. Demographic, psychographic or geographic information is able to be shared to address specific questions related to Part 2 responses.

10. Appendix B, Section III. Proposed Camelot Illinois Service Office Profile: can you please confirm that the ask “Agency experience in supporting clients’ diversity hiring objective” means how we’ve helped our clients use media to drive their own internal hiring with diversity in mind?

Answer: The last two lines of the chart included in Section III of Appendix B reference Camelot and the State’s BEP commitment. Participation by minority businesses is central to Camelot Illinois’ success in the state of Illinois. Camelot Illinois encourages at least 20 percent participation by Business Enterprise Program (BEP) vendors (i.e., businesses owned by minorities, women and persons with disabilities). The 20 percent goal is primarily based on a marketing spend, however, Camelot Illinois considers other spend areas such as transportation, advertising and consumables, to name a few, as qualifying under this program. In meeting the 20 percent goal, Camelot Illinois both engages provisionally approved BEP vendors, recruits new vendors at networking events, publicizes all RFPs and leverages relationships with local chambers of commerce. Please reference Section 9 of the RFP for a link to additional information on the program. Camelot does not need assistance using media to drive our own internal hiring with diversity in mind.

11. Appendix B, Section IV. Vendor Services: Can you please detail what shopper/retail marketing & in-store media needs you require?

Answer: Camelot is looking for a partner to help manage a holistic shopper marketing strategy that addresses all 7300 retail partners. Agency would support in-store media across C-stores, independents, Gas-Stations, Drug Stores, and Grocery. This would include, but not be limited to:

- In-store Presence (Point of Sale Signage, Planograms, Gas Station TV, register TV/radio, printed materials, etc.)
- Retail Location Based Marketing (geofenced digital marketing that connects the digital and retail experience and tracks back to conversions, direct mail, etc.)
- Retailer Specific Promotions/Sweepstakes (Social, in-store, events, etc.)
- Support development of and implement results of Path to Purchase study

12. Who is the incumbent and are they pitching?

Answer: The incumbent is OMD; they have been invited to pitch. Camelot Illinois cannot confirm that they will submit to an RFP response until all vendors officially submit their intent to bid on Tuesday, April 9th.

13. Are you triple bidding this based on state requirements?

Answer: No; we are not required by the state to put forward this RFP. The RFP process satisfies any Private Manager Agreement (PMA) requirements associated with major procurement.

14. Can you share goals and KPIs from 2018 and results?

Answer: You can review the FY19 Business Plan to give you a general overview of the Marketing and Digital team goals at the following link: https://www.illinoislottery.com/content/dam/il/pdfs/lottery-private-management/FY_19_Annual_Business_Plan.pdf. More specifics can be provided on Media KPIs and campaign performance when the candidate is onboarded to the business.

15. What has been the breakout with agency focus in the past (traditional, multicultural, digital, sports, etc.)? Has this only been one agency?

Answer: This is not a question relevant to completion of Part 1 - Appendix B; Camelot Illinois will hold and answer this question as part of Part 2 Q&A.

Actual Answer: We work with one overarching media agency who purchases digital, traditional and sports. While our agency does not specialize in multi-cultural, they help us deploy AA/HA targeting across traditional and digital campaigns in order to maximize our spend with BEP vendors. Our experiential agency provides Spanish translation work for print and digital assets. We also work with an experiential agency, a creative agency and a PR firm.

16. With digital becoming more of a focus from traditional, what channels have tended to see the most success?

Answer: This depends on the campaign, that campaign's KPIs, etc. The definition of campaign success has shifted over time. Now that we are launching acquisition focused campaigns (April/May timing) and expanding into additional channels in FY 19-20 (YouTube, Search), we should be able to answer this question across evergreen digital campaigns more accurately than past performance has indicated.

We have seen that Facebook has had a positive correlation as it relates to iLottery registration and sales. Keeping all other media spend constant, for every \$1 spent on FB, iLottery sales will increase by \$17.66. Keeping all other media spend constant, for every \$1,000 spend on FB, iLottery gains 134 new registrations.

17. How has campaign success been measured historically from a brand perspective?

Answer:

- Brand metric lifts as measured by our brand tracker (e.g. ad recall)
- Sales results

- Conversions via iLottery website and app (downloads and registrations)
- CTR/Clicks
- Engagement on Social
- TRPs and Frequency (for traditional media)

18. Out of the 70% of sales from the Chicagoland area – can we drill down further and provide specific zip codes and which were more successful? Which were not? And why?

Answer: This is not a question relevant to completion of Part 1 - Appendix B; Camelot Illinois will hold and answer this question as part of Part 2 Q&A.

19. How much of the budget has been more focused on branding vs. Acquisition types of approaches historically?

Answer: The brand was previously focused on Awareness and Game Promotion vs. Branding or direct digital Acquisition. Camelot Illinois intends to shift our focus to being brand led vs product led, and focused on Direct Response digital advertising wherever possible.

20. With the plan of overlaying sales data and customer segmentation, how big of a lag within updated data will there be?

Answer: Data will be updated in our Data Lake in near real-time once the Big Data Platform/DMP is created. Qlik, the software we use to for business intelligence & data visualization, will update with internal sales data within 24 hours.

21. With the instant tickets, how many retail stores are deploying the self-serve machines vs. Counter sales?

Answer: About 20% of our customers have vending machines but the vast majority still sell both over the counter and via machine. This number will increase with the completion of the Technical Transition. About 1500 stores will have vending machines, out of the 7300. Of that 300-400 sell exclusively from those machines, the rest sell both via vending and on counter.

22. Within the segmentation do we have stronger demographic and psychographic traits broken out by each segment?

Answer: This is not a question relevant to completion of Part 1 - Appendix B; Camelot Illinois will hold and answer this question as part of Part 2 Q&A.

23. Have you in the past worked with agencies/partners outside the state of Illinois?

Answer: Our marketing and media partners have been headquartered or have an established service office in Illinois. We have historically worked with agency

subcontractors who are not physically in Illinois, but are able to travel periodically to the state for meetings. For this RFP, we would like to follow the same criteria; the chosen agency must be fully staffed and operational upon award in Illinois.

24. Are agencies located in Illinois "preferred" compared to outstate agencies?

Answer: Agency must be headquartered or have an established service office in the state of Illinois.

25. In terms of production of assets and trafficking materials, would Camelot or the agency/partner be responsible for these duties?

Answer: The creative agency of record is responsible for production of the majority of creative assets. Camelot Illinois does have limited internal design staff that support cross-functionally, as well. The creative agency is responsible for trafficking traditional creative to the agency for distribution to stations/partners. Currently, our media agency handles trafficking of digital assets and publishes directly on our behalf.

26. What is driving the search for a new media agency? If the search is being driven contractually, are there other reasons for the review?

Answer: See response to question 27 for additional details.

27. What's currently going well with your media agency? What could be improved?

Answer:

- Strengths:
 - Size (Inventory Avails, Negotiating Power, Scalability)
 - Scale of OMD Network
 - Large amount of Human Capital
 - Power of the OMG/OMD Worldwide Network Portfolio
 - Synergies between Online and Offline media tactics
 - Buying Power and Media Cost Savings

- Areas of Opportunity:
 - Digital Thought Leadership and Innovation
 - Transparency in Reporting/Auditing
 - Historical Account Knowledge
 - Seasoned Senior leadership on Account Team
 - Agility
 - Strategic Focus or Vision
 - Proactivity
 - Connectivity between Account team & other OMD resources

28. How often do you meet with your media agency, in-person and virtually?

Answer:

- In person - 2-3x a week depending on workload
- On the phone- 1x a day/Every other day depending on workload
- Email- Daily/Hourly

29. What brands do you admire in Illinois? Who's doing a great job with their media placements?

Answer: This is not a question relevant to completion of Part 1 - Appendix B; Camelot Illinois will hold and answer this question as part of Part 2 Q&A.

30. In the company information survey under Services/Capabilities, for competitive landscape insights, can you provide more information about the scope that you would be looking for--ex. paid media spend, insights on how competitors are using their owned channels, analysis of creative messaging, targeting strategies, etc.?

Answer: Below represents our ideal state (with the understanding that Camelot Illinois cannot likely gain all of this information). Special consideration will be given to those that can provide as much of this information as is available:

- Paid media spend by channel
- Competitive Analysis tools for digital (AdGooroo, SpyFu)
- Earned/owned usage and performance
- Social Listening Tools (for use with Camelot Illinois + our competitors, where possible).
- Competitor Messaging/Ad Copy/Creative Insights (especially in search and social)
- Competitor Presence (Channels, tactics/ad units)
- Impressions achieved (where available)
- Media industry specific news, trends
- Lottery media regulatory considerations

31. Can you clarify what you include as in-store media?

Answer: In-Store media include any messaging that consumers are exposed to in partner retail environments and their digital properties that features the Illinois Lottery brand: store-executed sweepstakes messaging, clings, mats, signage inside the store, in-store radio, in-store digital screens, Register TV screens, shelf talkers, vending machine signage, digital ATM screens, shopping carts, etc.

Private Manager Agreement Terms Questions:

32. What type of background check is being requested?

Answer: Criminal, Credit, etc.

33. Will IL Lottery absorb the cost of background check requests?

Answer: No background check is requested in Section 6 of the Incorporated Terms. In the event that the State or Camelot perform a background check, the costs of such check will not be passed along to the Supplier. The Department abides by all applicable laws regarding confidentiality.

34. Please describe the specific efforts IL Lottery guarantees to ensure employees' personally identifiable information secure?

Answer: See response to question 33.

35. How would the Contractor incorporate standard media buying terms into this Agreement? This Agreement does not cover terms that are specific and necessary to our Services.

Answer: The Incorporated Terms are provisions that the Department requires Camelot to pass-through to the Supplier. As discussed in Section 3.6 of the RFP, the Incorporated Terms will be added as an exhibit to the overall contract. During contract negotiations, the Supplier can propose its own terms in different parts of the agreement (e.g., media buying terms could be added to the body of the contract or an exhibit, but not the Incorporated Terms exhibit), but they may not conflict with the Incorporated Terms.

36. How would the Contractor incorporate standard audit terms into this Agreement? While the Contractor is generally in agreement, certain edits would be required.

Answer: Please see the response to question number 35.

37. How can the Contractor reserve rights for its own IP, and make clear that the State and Camelot would not own any third-party licensed materials?

Answer: Please see the response to question number 35

38. Why isn't the confidentiality provision mutual since the Contractor may be providing confidential information?

Answer: The Incorporated Terms only consist of provisions that the Department requires Camelot to pass through to the Supplier.

39. The Contractor's indemnity needs to be tied to negligence or willful misconduct in the performance of services under this Agreement. Why is there no indemnity of the Contractor by the Camelot for (1) breach of the Agreement, or (2) use by Contractor of materials or information provided to the Contractor by or on behalf of the Camelot?

Answer: Please see the response to question number 38.

40. Why is there no termination right for the Contractor? If there is malfeasance or breach by the State or Camelot, the Contractor should have a right to terminate. Similarly, the Contractor should have a right to suspend services in the event of non-payment.

Answer: The Incorporated Terms only consist of provisions that the Department requires Camelot to pass through to the Supplier. Camelot typically includes the termination provision in the body of its contracts, not an exhibit.