**REQUEST FOR PROPOSALS (RFP)**

**ADVERTISING, MARKETING, MEDIA**

**AND RELATED SERVICES**

**#2018-07**

**RESPONSES TO WRITTEN QUESTIONS (Q&A #1)**

**September 19, 2018**

This list of questions and responses #1 (Q&A#1) is being issued to clarify certain information contained in the above named Request for Proposals (RFP). The statements and interpretations of Contract requirements, which are stated in the following responses are not binding on the State, unless the State expressly amends the RFP. Nothing in the State’s responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the entity asking the question as to what the Contract does or does not require. Some questions have been edited for brevity and clarity, and duplicate questions may have been combined or eliminated.

The following are questions submitted pursuant to the RFP and the State Lottery and Gaming Control Agency’s (“MLGCA”) responses to those questions:

**1. QUESTION:** What is the fee potential on the estimated $18,445,000 budget for 2019? We assume this projected budget does not include the fee.

**ANSWER: MLGCA declines to comment on the fee potential for Functional Area I or Functional Area II. The budget outlined in the RFP represents the MLGCA’s total marketing budget for FY’19 and is inclusive of the Contractor’s fees. The Offeror is required to submit its proposed monthly fee as a part of its Proposal.**

**2. QUESTION:** Are costs for obtaining legal clearances, trademarks, etc. considered sub-contractor costs paid by MLGCA, or are they included in the Contractor’s flat fee?

**ANSWER: Costs associated with legal clearances, trademarks, etc. are not included in the Contractor’s flat fee. These expenses will be paid from the budget assigned to Functional Area I; the Contractor is required to provide an estimate and receive MLGCA approval before any work begins.**

**3. QUESTION:** Are storage costs for MLGCA documents and materials considered sub-contractor costs paid by MLGCA, or are they included in the Contractor’s flat fee?

**ANSWER: The Contractor is responsible for all costs related to standard document and material storage. The only storage fees that MLGCA has reimbursed the Contractor for in the past are related to the storage of large TV or video set materials or props; the Contractor shall provide an estimate and receive approval prior to incurring all such expenses.**

**4. QUESTION:** Is media pre-billed, or billed to MLGCA after it is run?

**ANSWER: The Contractor may not pre-bill any media. Beginning the first of each month, the Contractor may bill MLGCA for all media that ran during the previous month. The Contractor shall reconcile all invoices to verify that it reflects only the media that actually ran.**

**5. QUESTION:** For the purposes of establishing MBE and VSBE goals, does the total contract value include both the FY’19 projected spend and the Contractor’s proposed fees?

**ANSWER: Yes, the total contract value is inclusive of the Contractor’s fees.**

**6. QUESTION:** In Functional Area II – Media Planning and Buying Services, do the MBE and VSBE percentage goals pertain to media planning and buying services or to actual media outets being purchased?

**ANSWER: The Functional Area II MBE and VSBE goals are typically met when payments are made to a MBE or VSBE certified vendor in one of two ways:**

1. **Payment is made by the Contractor to a media outlet that is MBE or VSBE certified; or**
2. **If Contractor uses a MBE or VSBE certified sub-contractor to plan or place media, then the sub-contractor’s fee will count towards meeting the MBE/VSBE goal. The value of media placed by the MBE/VSBE certified sub-contractor will not count towards the goal unless it is placed with an MBE or VSBE certified media outlet.**

**7. QUESTION:** If an MBE/VSBE sub-contractor is not able to deliver work that is acceptable to the Contractor, can they be replaced by another MBE/VSBE during the contract period?

**ANSWER: Yes, subject to the procedure specified in COMAR 21.11.03.12 E for amendment to the MBE Participation Schedule. The Contractor must follow the outlined procedures and document why a replacement is necessary. The Contractor must receive prior approval from the MLGCA on any replacement of sub-contractors.**

**8. QUESTION:** Please confirm that in Section 5. Assignments, we are not to include in this initial RFP response any work samples nor narrative descriptions of our capabilities in the functional areas listed, e.g., Creative Development and Production Services (advertising, design/studio capabilities, retail merchandising, sports sponsorships, digital/mobile/social media), Market Research, Media Planning and Buying.

Is the respondent expected to develop and include new creative content, brief and materials as part of the RFP response?

**ANSWER: Yes, that is correct, Assignments are not to be included in initial Proposals submitted in response to the RFP (See Section 5.6). While the assignment will not require the development of any new creative work, it will give offerors the opportunity to demonstrate their strategic approaches. (See Amendment #2 to the RFP)**

**9. QUESTION:** Do you have research about the importance of viewing drawings on television versus viewing on alternative channels ?

**ANSWER: Some research is available; however, the MLGCA’s Televised Drawings Contract is in effect until December 10, 2020, with an option to extend for an additional two years.**

**10. QUESTION:** Are the incumbents, or the Lottery’s current agencies, eligible to bid for these contracts?

**ANSWER: Yes.**

**11. QUESTION:** Is the chosen contractor required to post performance and payment bonds to initiate work?

**ANSWER: Yes.** **See RFP Sections 3.11 and 3.12.**

**12. QUESTION:** In the past, what has been paid for from the unallocated budget line item?

**ANSWER:** **Point-of-sale, miscellaneous expenses, various business-building activities and Contractor fees are typically included in this “Unallocated” budget line item.**

**13. QUESTION:** Is preference given to companies that are located in Maryland?

**ANSWER: There is no longer a requirement for a physical office location in the Baltimore area. An Offer must describe how it plans to adequately deliver the required day-to-day services and conduct business with MLGCA personnel from whatever location it proposes to be the primary location for delivery of services for this contract (See RFP Section 5.4.2.7.2), and this information will be evaluated by the MLGCA during the review of Proposals. Offerors should also review specifically Section 5.4.2.15 Economic Benefit Factors and Section 6.4 Reciprocal Preference.**

**14. QUESTION:** If a contractor would like to sub-contract with an MWBE certified in another state, can that MWBE become certified in Maryland to achieve the participation goal?

**ANSWER: Yes, but the timeline may be prohibitive, since the subcontractor may not be able to achieve the required Maryland certification by the Proposal submission deadline. All proposed MBE subcontractors must be *Maryland Certified MBEs at the time of Proposal submission*.**

**15. QUESTION:** How will you measure success once engaged with a contractor? What measurement and analytical tools are you using now to measure success or ongoing metrics?

**ANSWER: The MLGCA primarily uses daily, weekly and annual sales figures to determine its success. The MLGCA also uses quarterly tracking research to measure the attitudes and usage of Lottery players. The MLGCA will continue to use these methods to determine its performance and the fulfillment of its mission.**

**16. QUESTION:** 2.2.2 Objectives, 1c.“Other audiences who may influence public attitudes and perceptions of the MLGCA.” Does this include lobbying efforts and PR as a component to reach these other audiences?

**ANSWER: No discrete effort has been conducted or deemed necessary towards these particular audiences. All marketing efforts are directed towards the general consumer audience.**

**17. QUESTION:** Is the production budget inclusive of all production including all types of media and POS?

**ANSWER: The MLGCA has a separate point-of-sale (POS) budget that it manages internally and that budget is included in the “Unallocated” line item. The MLGCA’s POS budget covers standard POS printing, but there are additional at-retail production expenses (i.e. Sales Maker merchandising program for approximately 300 top Retailers) that are funded through the production budget.**

**18. QUESTION:** “All personnel dedicated to the Contract shall visit Retailers on a regular basis.” What are the expectations for a “regular basis” for Retailer visits for each person on staff? Is this weekly spot store checks?

**ANSWER: The Contractor is expected to have an understanding of the MLGCA’s retail space, and that necessitates retail visits. There is a not a specific number of times or visits required, but key members of the Contractor’s staff are expected to make Retailer visits several times a year and/or when a specific need arises.**

**19. QUESTION: Section 2.3.2.2.** Other Creative Deliverables – “…various copywriting, graphic design and studio services…” Are you able to provide an estimate on these additional creative development activities on an annual or quarterly basis?

**ANSWER:**  **On average, the MLGCA requests project-specific copywriting and graphic design services approximately four to six times per year. Examples include annual reports, trade association documents, etc.**

**However, the MLGCA does utilize a synergistic approach for graphics appearing on several consumer touch points. For example, a basic POS design for a promotion or game launch is often resized approximately ten to twelve times for deployment at retail, and on websites, televised drawings and mobile applications.**

**20. QUESTION:** Direct Marketing, Database Management and Customer Relationship Marketing – Where are the production costs for these efforts covered in the budget?

**ANSWER: As these services pertain to the MLGCA’s My Lottery Rewards loyalty program, the CRM platform is provided to the MLGCA through a separate contract and budget category. However, any additional expenses outside of My Lottery Rewards would be funded through either the MLGCA’s Digital/ Production or the “Unallocated” budget line items.**

**21. QUESTION:** Research – (1) Can we get some quantifications of the number of research projects and type of research on an annual basis, on average? (2) What types of research studies does the Lottery historically field on an annual basis and what is the cadence of same?

**ANSWER:**  **On an annual basis, the MLGCA generally conducts a quarterly Attitude and Usage study, one Retailer Satisfaction study, and approximately three to four Scratch-Off concept tests. The MLGCA is expecting to increase its Research budget in the coming year and therefore the number and type of research needs may vary.**

**22. QUESTION:** Retail Marketing Support, Collateral (Point-of-Sale) Materials and Signage – “Develop POS for use at fairs, events, or other promotions as needed and directed by the MLGCA.” Can we get an estimate of the number these?

**ANSWER:**  **The MLGCA has a robust event schedule that is executed by its Communications team. While the MLGCA’s Communications staff handles the majority of the on-site implementation, there are approximately five to seven times throughout the year when the MLGCA may need to produce POS or signage for some of the events.**

**23. QUESTION:** “Provide coordination and logistical support in the development of sell-in materials for non-English speaking Retailers as directed by the MLGCA.” Are these materials prepared by a third-party and the role here is integration? How many other languages?

**ANSWER:**  **The Contractor would be responsible for writing and developing the retailer materials and for securing any translation services that are required.**

**24. QUESTION:** Web Design, Implementation and Management - “Provide multi-language support for all websites.” Any languages other than Spanish?

**ANSWER:**  **Spanish is the only other language at this time, but others could be added during the Contract term.**

**25. QUESTION:** Economic Benefit Factors – “Offerors shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the Contract term.” – Are there examples of performance expectations that could be provided for references?

**ANSWER:** **Yes, but only in a generic form. It is the Offeror’s responsibility as part of its proposal to identify any specific performance guarantees that it deems to be appropriate for this project.**

**For example only, an RFP requires that a contractor produce a minimum of 500,000 widgets per year. The Offeror proposes to produce 600,000 widgets per year, and proposes a performance guarantee in the form of a $10,000 payment to the State if it fails to meet the 600,000 guaranteed amount.**

**26. QUESTION:** In the budget section (and amendment), is the Digital line referenced specific to web site/mobile development?

**ANSWER:**  **Digital media is billed through the media budget and all other digital expenses will be paid for from the Digital/Production budget, including development, hosting, security, etc.**

**27. QUESTION:** Functional Area I Qualifications – “Offeror shall have annual advertising-related billings of at least $2 million for creative development and production services in calendar 2017.” Would that include Clients who spent $2 million plus in 2017 for whom we have provided creative development and production, or must the $2 million pertain exclusively to creative development and production services?

**ANSWER: The $2 million pertains exclusively to creative development and production services.**

**28. QUESTION:** Page 87 indicates an MBE goal of 5% for Functional Area II, however page 4 notes 3%. Which is correct?

**ANSWER:**  **3% is correct. See Amendment #2 to the RFP.**

**29. QUESTION:** Page 4 notes that no sub-goals for Functional Area I and II have been established; however, page 87 denotes specific sub-goals for Functional Area I. Which is correct? If those on page 87, the goals provided do not equate to the 29% overall goal. Can the remaining 6% be met as we see fit? For the media goal, is the percentage of media billings or of the contract fee?

**ANSWER:**  **Page 4 is correct, no sub-goals have been established for Functional Area I or II. For both Functional Area I and II, the MBE percentage is calculated based on the billings plus the Contractor’s fee (i.e., the total contract amount). See Amendment #2 to the RFP.**

**30. QUESTION:** In the financial proposal form and budgets provided, are the media budgets provided expressed in gross or net amounts?

 **ANSWER: Net.**

**31. QUESTION:** Should our firm advance to the second round, can the requested media plans/buy summaries be redacted to protect client information and pricing?

 **ANSWER:** **Yes. However, provisions of the PIA would apply (See Section 4.8).**

**32.** **QUESTION:** The Lottery has historically split Creative and Media responsibilities between two agencies. Is this more or less likely to continue under the new contract?

 **ANSWER:** **An Offeror may submit a proposal for Functional Area I, Functional Area II, or both. An Offeror may be awarded a contract for one or both of the Functional Areas. However, when making the selection, the MLGCA will evaluate each Functional Area independently (See Section2.1.4).**

**33.** **QUESTION:** Do either functional areas currently or plan to include SEM management.

 **ANSWER:** **The MLGCA has utilized SEM in the past, and could utilize it again in the future.**

**34.** **QUESTION:** Can MLGCA provide a breakdown of historical media spend by DMA?

 **ANSWER:** **While the MLGCA tracks spending by market, the MLGCA declines to provide the requested information at this time. Rather than provide historical information, the MLGCA is interested in the Offeror’s proposal describing how it would suggest that the MLGCA allocate its budget by market going forward.**

**35.** **QUESTION:** 2.3.2.2 #2 Can the Lottery clarify what types of “other creative projects” are subject to the requirement that “at least three versions of television commercials, radio scripts, newspaper ads, and all other creative products shall be offered when the Contractor makes a creative presentation at the MLGCA.”

**ANSWER: “Other creative projects” includes any elements included in the campaign. Those other elements could include, but are not limited to, out-of-home, digital units, social executions, etc.**

**36.** **QUESTION:** 2.3.2.2 #5 Is the Functional Area #1 advertising agency required to be a Screen Actors Guild (SAG-AFTRA) signatory?

**ANSWER: The Functional Area I Contractor is not required to be a Screen Actors Guild signatory; however, if it is a Screen Actors Guild signatory it should list that as part of its Offeror Background and Experience/Qualifications and Capabilities.**

**37.** **QUESTION:** 2.3.2.2 #6 Is the Functional Area I advertising agency required to assist the Lottery in the creative development, production of, or management of communications materials used for the Lottery’s televised drawings?

**ANSWER:**  **Yes, the Functional Area I Contractor will be required to assist in the creative development, production and management of the MLGCA’s televised Drawings. Specifically, the Functional Area 1 contractor will be required to help evaluate the look and feel of the televised Drawings to be consistent with MLGCA messaging, as well as consult and provide various creative elements to MLGCA’s Drawing Contractor.**

**38.** **QUESTION:** 2.3.2.3 Does the Functional Area I advertising agency assist the Lottery in the graphic design of scratch-off tickets? If so, how many times per year? Is this part of the scope of work to be covered by the fee?

**ANSWER: Yes, on occasion, the MLGCA will ask the Functional Area I Contractor to assist in the graphic design of scratch-off tickets. The MLGCA launches approximately 50 scratch-off games per year. Of those 50 games, the MLGCA will ask the Functional Area I Contractor to assist in the design of approximately 1-4 scratch-offs per year. The design of scratch-offs is included in the Contractor’s fee and no additional reimbursement will be provided.**

**39.** **QUESTION:** 2.3.2.5 Does the Functional Area I advertising agency assist the Lottery in the actual posting of content to social media and other digital platforms? If so, is this part of the scope of work to be covered by the fee?

**ANSWER: While the MLGCA has a Digital Manager on staff who does the majority of the social post, the Functional Area I Contractor shall be required to assist in the posting of content to social media and to other digital platforms. Yes, assistance in this area is included in the Contractor’s monthly fee.**

**40.** **QUESTION:** 2.3.2.12 (also 2.3.2.5 and other scope of work items) Is the Functional Area I advertising agency responsible for after business hours on-call services to assist the Lottery marketing efforts? For example, technical implementation and/or other items required to maintain the Lottery’s website(s), mobile app(s) and/or social media platform(s)?

**ANSWER: Yes, the MLGCA requires assistance from the Functional Area I Contractor after business hours for various marketing efforts. For example, growing jackpots and winner awareness may require immediate attention after hours.**

**Yes, if an issue arises with the websites and mobile applications that is not specifically related to hosting, it may require assistance outside of regular business hours as part of the services being provided under the contract. The MLGCA will escalate and mange issues related to website hosting, but the advertising contractor is responsible for managing its subcontractors.**

**41.** **QUESTION:** 2.3.2.12 Is the Functional Area I advertising agency responsible for the stability and security of the Lottery websites or is this the responsibility of the Lottery’s Central Monitoring and Control System Contractor?

**ANSWER: The Functional Area I Contractor is responsible for the stability and security of the MLGCA websites not related to the hosting environment, i.e. the servers and network. Costs for ensuring the stability and security of the MLGCA’s website servers and network shall be the responsibility of the Contractor, but the MLGCA will reimburse the Contractor for these sub-contracted fees. The Contractor shall first submit a written estimate for these costs, and preapproval by the MLGCA must be received. These costs are not to be included in the Contractor’s monthly fee.**

**42.** **QUESTION:** 2.23.12 (Note) The Lottery states that it will provide website hosting services. Do these hosting services include the full suite of Managed Services traditionally maintained by a hosting company such as monitoring services, 24-hour accessible troubleshooting support, plug-in updates, load balance monitoring, site performance review, etc., or is the hosting provider more of a “storage warehouse” type of arrangement where the advertising agency would be responsible for handling the aforementioned tasks? If the later, is the advertising agency responsible for including these Managed Services costs to be covered as part of the fee?

 **ANSWER: Managed services as described within this question are not a requirement of this RFP. If the requirements change at a later date, the MLGCA will reimburse the Contractor for these sub-contracted fees with appropriate preapproval.**

**43.** **QUESTION:** 2.3.2.12 Will the Functional Area #1 advertising agency be responsible for the complete redesign or rebuild of any current websites or any brand new websites during the 3-5 plus year contract period?

**ANSWER: The MLGCA does not anticipate needing its Functional Area I Contractor to redesign or rebuild any of its current websites or to build any new websites. However, should the need arise, the scope of work will be included in the Contractor’s monthly fee.**

**44.** **QUESTION:** 2.3.2.13 Will the Functional Area #1 advertising agency be responsible for the complete redesign of any current mobile apps or any new apps during the 3-5 plus year contract period?

**ANSWER:** **At this time, it is difficult to predict the MLGCA’s mobile app needs over the Contract term. If a redesign or build is needed, the Functional Area I Contractor shall be required to provide strategic and creative direction. The use of mobile app subcontractors will be permitted and will be reimbursed per a pre-approved estimate.**

**45.** **QUESTION:** 2.3.2.12 and 2.3.2.13 Approximately how many hours per month does the current contractor engage in routine maintenance of the Lottery’s websites and mobile applications?

**ANSWER:** **Approximately 40-80 hours per month.**

**46.** **QUESTION:** Using the sample budget provided for Production, Digital, Research and Unallocated for FY 19 for Functional Area I activities inclusive of agency fees, and assuming all of the sample budget is spent and all of the Unallocated dollars budgeted (whether or not this assumption about the inclusion of all the unallocated funds being part of Functional Area I is accurate), it appears that the dollar value of the Contractor Minority Subcontractor Goal that the Contractor must allocate to reach the MBE and VSBE Subcontracting Goal (Combined 30% with MBE Goal 29% and VSBE 1%) would be a minimum of:

*$2,700,000 + 300,000 + 330,000 + $1,800,000 = $5,130,000*

*($5,130,000 x .30) = $1,539,000 MBE Minority Subcontractor Goal*

Can the Lottery verify this is correct?

**ANSWER:**  **Yes, the example you provided would be correct.**

**47.** **QUESTION:** Please advise why the Maryland State Lottery did not award a contract when the RFP was issued on March 8, 2018, Solicitation Number: #2018-01 for Advertising, Marketing, Media and Related Services?

**ANSWER:** **Following is the Cancellation Notice that was issued:**

**CANCELLATION OF REQUEST FOR PROPOSALS**

**ADVERTISING, MARKETING, MEDIA AND RELATED SERVICES (#2018-01)**

**In accordance with the subject Request for Proposals (“RFP”) Section 4.13 – Cancellations, the State hereby cancels this RFP and rejects all Proposals received in response to this RFP.  This action has been determined in accordance with COMAR 21.06.02.02 to be in the best interests of the State due to insufficient competition in this procurement process and any proposed amendments to the RFP to increase competition would be of such a magnitude that a new solicitation is desirable.**

**In accordance with COMAR 21.06.02.05, when a solicitation is cancelled after proposals have been received, the proposals that have been opened shall be retained by the State, and the proposals that have not been opened shall be returned to the offerors.  In this case, Technical Proposals have been opened and will be retained by the State; Financial Proposals have not been opened and will be returned to the Offerors.**

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