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SD LOTTERY

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## ADVERTISING AND RELATED SERVICES AGREEMENT

**THIS AGREEMENT** made as of July 1, 2015, by and between the South Dakota Lottery, a division of the South Dakota Department of Revenue (Lottery) and Lawrence & Schiller, having its offices at 3932 S. Willow Avenue, Sioux Falls, South Dakota ("Agency"), witnesseth:

**WHEREAS**, the Lottery is authorized to enter into agreements for advertising and related services pursuant to South Dakota Codified Law Chapter 42-7A; and

**WHEREAS**, the Lottery issued a Request for Proposals ("RFP"), for advertising and related services, dated March 6, 2015; and

**WHEREAS**, the Agency submitted a proposal, dated March 27, 2015, (hereinafter referred to as the "Proposal") in response to the RFP; and

**WHEREAS**, the South Dakota Lottery Commission (hereinafter referred to as the "Commission") approved the award to the Agency for advertising and related services as detailed in the RFP, the inquiries and responses published thereto by the Lottery and the Proposal and subsequent information submitted by the Agency, which was contingent upon successful negotiation of a final Agreement;

**NOW, THEREFORE**, the Lottery and the Agency agree as follows:

### 1.0 AUTHORITY TO EXECUTE AGREEMENT

Both the Lottery and the Agency warrant and represent that the person executing this Agreement on their behalf has the full right, power and authority to do so on behalf of his or her respective principal.

### 2.0 DURATION OF AGREEMENT

- 2.1 This Agreement is effective upon execution and shall continue in force for a period of two (2) years unless sooner cancelled or terminated as provided in Sections 15 and 16 hereof.
- 2.2 The Lottery has the right to extend this Agreement at its option for additional periods for a total contract term not to exceed five (5) years, at the rates specified in the Proposal or such lower rates as may be negotiated by the parties.

### 3.0 REFERENCE DOCUMENTS - PRECEDENCE OF AGREEMENT

The provisions of the RFP, the inquiries and responses published thereto by the Lottery, and the Proposal and subsequent information submitted by the Agency are incorporated herein by this reference as if fully and specifically set forth. However, this Agreement shall take precedence over the RFP, the inquiries and responses published thereto by the Lottery, and the Proposal and subsequent information submitted by the Agency to the extent that the same are inconsistent or conflicting.

#### **4.0 APPOINTMENT AND AUTHORIZATION OF AGENCY**

- 4.1** The Agency is hereby retained and appointed to represent the Lottery in carrying out its advertising and marketing. The Agency shall act as the Lottery's advertising representative and perform, upon prior authorization by the Lottery, any or all of the services described in the RFP and Proposal to the extent necessary to meet the Lottery's needs.
- 4.2** For the purposes of this Agreement, the Lottery will consider the Agency to be the sole point of contact with regard to this contractual matter. The Agency shall assume full and complete responsibility for all services described in the RFP, the inquiries and responses published thereto by the Lottery and the Proposal and subsequent information submitted by the Agency.
- 4.3** The Agency shall not incur any obligations or provide any services for the Lottery's account without prior approval from the Lottery's Executive Director or Director of Advertising & Public Relations or any other person or persons duly authorized by the Lottery.

The Agency shall submit written proposals to the Lottery, containing full descriptions of the proposed advertising or related service and estimates of the cost of the obligations or services involved, including media costs, cost of preparation of the advertisements, costs of production, and any additional material and incidental costs.

- 4.4** While performing services under this Agreement, the Agency is an independent contractor and not an officer, agency, or employee of the State of South Dakota, and is not entitled to use State equipment, supplies or facilities.
- 4.5** The Agency is authorized to enter into Agreements with subcontractors to carry out the purposes of this Agreement only with the prior approval of the Lottery. The Agency shall be liable to such parties for all payments. The Agency shall use its best efforts to prevent any loss to the Lottery from the failure of proper performance by any subcontractor, and the Agency shall be responsible to the Lottery for any such failure.
- 4.6** The Lottery and the Agency shall fully cooperate, work in good faith and mutually assist each other in the performance of this Agreement.

#### **5.0 NONEXCLUSIVE RIGHTS**

It is understood and agreed by the Agency that the Lottery does not grant the Agency exclusive rights to all Lottery advertising and related services. That is, in the event the Lottery decides that other or different advertising services are in the Lottery's best interest, the Lottery will have the right to contract for said services.

#### **6.0 COSTS, EXPENDITURES & COMPENSATION**

- 6.1** The Lottery shall compensate the Agency for approved advertising and related services performed pursuant to this Agreement at the rates, commissions and fees as specified in the Agency's cost proposal, unless otherwise specifically provided in this Agreement. The contract may not exceed \$950,000 per fiscal year. The value of the contract to the Agency shall be determined by their hourly rates for billable services and commission rates for media placement as submitted in their cost proposal.
- 6.2** The value of the contract to the Agency shall not include those items paid for by the appropriate budget in which the Agency has no involvement (for example, the bi-monthly retailer newsletter, booth costs for special events attended by the Lottery, media monitoring services, and marketing fees

paid to industry associations) or the actual costs of production or purchase for products such as Lottery premium items, branding materials provided free of charge to video lottery establishments, or non-merchandise prizes used for Lottery promotions.

- 6.3** Reimbursement for lodging and meals associated with overnight travel will be made at the rates authorized for state employees.
- 6.4** The Lottery has no responsibility for the payment of any federal, state or local taxes that become payable by the Agency or its subcontractors as a result of a contract resulting from the RFP.
- 6.5** The Agency shall obtain and document at least three (3) price estimates for subcontractor expenditures exceeding \$1,000.
- 6.6** In the event media or other charges increase or decrease after the Agency has submitted an estimate, the Lottery shall pay for such increase or be given credit for such decrease, as the case may be. In the event the amount of space or time of the advertising or related services actually used are less than those previously contracted for, the Lottery shall pay for any increased rate charged by the media due to loss of volume discount or because of higher scheduled rates. In the event additional space or time or services are so used, thereby resulting in a lower rate, the Lottery shall make payments at such lower rate.
- 6.7** The Agency shall prepare proposals of all planned advertising and related services without cost to the Lottery. In the event the Lottery, after having approved any planned advertising, cancels all or any part thereof, the Lottery shall pay for all costs incurred to the date of cancellation and any unavoidable costs incurred thereafter, including any non-cancellable commitments for time or space. The Agency shall receive its contractual commission on all such costs incurred.
- 6.8** The Agency agrees to donate its billable services time to create and produce problem/responsible gaming advertising and related materials for national Problem Gambling Awareness Month at no cost to the Lottery. Materials and incidental costs, printing costs and media purchase of time and space for the problem/responsible gaming advertising shall be billed at cost to the Lottery without Agency commission.
- 6.9** The Agency will attend an annual fiscal year marketing/advertising planning meeting with Lottery key personnel at no cost to the Lottery and participate in quarterly marketing update meetings as scheduled.
- 6.10** The Agency will attend all game planning sessions conducted by the Lottery during the fiscal year at the time, place and date determined by the Lottery. A minimum of two (2) representatives of the Agency shall attend the meeting. The Lottery agrees to pay the Agency a fee of \$1,100 per meeting for all associated costs, including travel and meeting preparation, for attendance at game planning sessions held in locations outside of Sioux Falls.
- 6.11** The Agency will attend a minimum of one (1) national lottery conference, symposium or meeting during the course of their association with the Lottery. The Lottery agrees to pay the Agency a fee of \$1,100 per meeting towards the cost of travel and lodging with the remaining expenses associated with said event to be borne by the Agency.
- 6.12** The Agency will make available a key employee assigned to the Lottery's account to attend and work the Lottery booth at the South Dakota State Fair and the Black Hills Stock Show for a mutually-agreed upon duration of time no less than 8 hours for each event, at no expense to the Lottery.

- 6.13** The Agency will provide management information to the Lottery at least quarterly, including but not limited to: a list of current campaigns and projects and their completion timelines; total billing amounts for the quarter ; a running total for the state fiscal year to date; and an analysis of the effect of the Lottery's brand on its audience and suggestions on how the brand can be improved for the next quarter. The Agency will provide a media planning and placement evaluation for each advertising campaign conducted for the Lottery to gauge the campaign's effectiveness. Such campaign audit information should include (when applicable to campaign) real time evaluation and reporting, search engine advertising reports, pay per click campaign reports, analysis of campaign market spending to revenue impact; and social media growth. Post campaign audit reports will be provided within ten (10) working days of the end of the campaign.
- 6.14** The Agency will provide for video recording services in Rapid City and Pierre at the need of the Lottery to respond to winner prize claims. Such services shall be billed to the Lottery pursuant to section 6.1 of the Agreement.

## **7.0 BILLING & PAYMENT**

- 7.1** The Agency shall bill the Lottery on a per-project basis upon project completion.
- 7.1.1** The Agency invoice shall specify all items as charged by the Agency, including: the project description, resource description and hours billed; description of any outside purchase or subcontracted service or product, and identification of Agency fees and charges for materials and incidental costs.
- 7.1.2** The Agency shall bill the Lottery for media time or space used by the Lottery after all invoices are received and audited by the Agency. Media invoices to the Lottery will specify the project for which they are billed and include media and supplier charges, and all other adjustments and credits.
- 7.2** The Lottery shall be entitled upon request to proof of payment by the Agency of all sums expended on behalf of the Lottery, as well as such itemization and detail as it may deem necessary.
- 7.3** The Agency shall make all payments to subcontractors. However, the Agency reserves the right to discontinue making such payments if the Lottery is in default in any payment to the Agency required by the terms of this Agreement.
- 7.4** The Lottery will make payment in compliance with the Prompt Payment Act, SDCL Chapter 5-26 for services provided under the contract.

## **8.0 STAFFING**

- 8.1** Each owner, partner, shareholder of 5% or more, director, officer, senior personnel of the Agency, and any parent or subsidiary of the Agency and each key employee assigned to work on the Lottery account must complete and submit background investigation forms supplied by the Lottery.
- 8.2** Officers and employees of the Agency, and any household resident related by blood or marriage, are prohibited from playing or claiming a prize for any lottery game offered by the South Dakota Lottery pursuant to SDCL §42-7A-33
- 8.3** The Lottery may conduct background investigations on any subcontractor and staff of the Agency, and restrict the Agency's use of a subcontractor and staff if the Lottery determines it is in its best interests.

## **9.0 DELEGATION, SUCCESSOR AND ASSIGNS**

- 9.1** No right or obligation of the Agency under this Agreement may be delegated by the Agency without the prior express written approval of the Lottery. The services to be performed by the Agency shall not be assigned, sublet or transferred without prior written approval of the Lottery.
- 9.2** Subject to the limitations on assignment contained in Section 9.3, this Agreement inures to the benefit of, and shall be binding upon, the successors and assigns of the respective parties hereto.
- 9.3** The Agency is prohibited from conveying, assigning, or otherwise disposing of this Agreement, its rights, title, or interest herein, or its power to execute such Agreement to any other person, company, corporation, or entity without the previous consent and written approval of the Lottery, and in the event of any such approval, the terms and conditions hereof shall apply to and bind the party or parties to whom the Agreement is obligated. No assignment, if any, shall operate to release the Agency from its liability for the prompt and effective performance of its obligations hereunder.

## **10.0 INSURANCE**

- 10.1** The agency, at all times during the term of the contract, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:
- 10.1.1** Commercial General Liability Insurance: The agency shall maintain occurrence based commercial general liability insurance that includes advertising injury coverage or equivalent form with a limit of not less than \$1,000,000 for each occurrence and \$3,000,000 aggregate.
- 10.1.2** Worker's Compensation Insurance: The agency shall procure and maintain workers' compensation and employers' liability insurance as required by South Dakota law.
- 10.1.3** Automobile Insurance: The agency shall maintain automobile insurance as required by South Dakota law.
- 10.2** Before beginning work under this Agreement, the Agency shall furnish the Lottery with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement and which provide that such insurance may not be canceled, except on thirty (30) days' prior written notice to the Lottery. The Agency shall furnish copies of insurance policies if requested by the Lottery.

## **11.0 PERFORMANCE SECURITY DEPOSIT**

The Agency will furnish a performance security deposit to the Lottery prior to performance of service under this Agreement. The performance security deposit may be in the form of an original bond issued by a surety company authorized to do business in the State of South Dakota; or irrevocable letter of credit or certificate of deposit issued by a South Dakota financial institution. The performance security deposit must be in the amount of \$50,000 and be made payable to, or endorse as a payee, the South Dakota Lottery. In the event the Lottery exercises an option to renew the Agreement for an additional period, the agency shall maintain the validity and enforcement of the security deposit for the said period, pursuant to the provisions of this paragraph.

## 12.0 CANCELLATION & TERMINATION

- 12.1** This Agreement may be cancelled by the Lottery at any time in whole or in part without any penalty, obligation for future payments, damages or liability, whatsoever against the Lottery or the State of South Dakota, upon written notice to the Agency in the event any person significantly involved in negotiating, securing, drafting or creating this Agreement on behalf of the Lottery is or becomes at any time, while the Agreement or any extension of this Agreement is in effect, an employee of the Agency in any capacity or a consultant to the Agency with respect to the subject matter of this Agreement.
- 12.2** This Agreement depends upon the continued availability of appropriated funds and expenditure authority for the intended purpose. If for any reason funds are not appropriated or expenditure authority is not granted, or funds become unavailable by operation of law, the contract will be terminated by the Lottery with fifteen (15) calendar days notice to the Agency. Termination for any of these reasons is not a default by the Lottery nor does it give rise to a claim against the Lottery.
- 12.3** Either party may terminate this Agreement by giving the other party written notice at least thirty (30) calendar days prior to the effective date of termination. Upon receipt of notice of termination, the Agency shall not commence work on any new advertisements, but it shall complete and place all advertisements previously approved by the Lottery. All other rights and duties of the parties shall continue during such notice period and the Lottery shall be responsible to the Agency for the payment of any contract obligation incurred with third parties during this period. If either the Lottery or Agency desires to terminate all work in progress on advertisements commenced before receipt of notice of termination, it may do so upon the parties' mutual consent and the determination and payment of the compensation to be received by the Agency for partially completed work.
- 12.4** In the event the Agency breaches any of the terms or conditions of this Agreement, the Agreement may be terminated by the Lottery at any time with or without notice. If termination for such a default is effected by the Lottery, any payments due to the Agency at the time of termination may be adjusted to cover any additional costs to the Lottery because of the Agency's default. Upon termination, the Lottery may take over the work and may award another party an agreement to complete the work. If after the Lottery termination for a default by the agency it is determined that the agency was not at fault, then the agency shall be paid for eligible services rendered and expenses incurred up to the date of termination.
- 12.5** Upon termination of this Agreement, the Agency shall assign to the Lottery all of its rights in contracts, agreements, arrangements, or other transactions made with third parties for the Lottery's account, effective on the date of termination or on such other date as may be agreed upon by the parties; and the Lottery shall assume all obligations and hold the Agency harmless from all liability thereunder. In the event any agreement is nonassignable and consent to assignment is refused, or the Agency cannot obtain a release from its obligations, the Agency shall continue performance, and the Lottery shall meet its obligations, as to the unassigned or unreleased agreements only, to the Agency as though this Agreement had not been terminated.
- 12.6** Upon termination of this Agreement, the Agency shall bill the Lottery for all amounts not previously billed and due to the Agency at that time. The Agency shall not be entitled to a commission on, or payment for, any advertisement work commenced after the date notice of termination was received by the Agency. The Agency shall, however, be entitled to payment for services and commissions for advertisements commenced and approved for placement in a specific media by the Lottery prior to receipt of the notice or, with the expressed written consent of the Lottery, prior to the effective date of termination.

### **13.0 DISPOSITION OF PROPERTY AND MATERIALS**

- 13.1** Neither the Agency nor any of its approved subcontractors will have any proprietary rights or interests in the products, materials, intellectual properties, data, documentation, programs, approaches, methodologies, or concepts developed, produced or provided in connection with the services provided under this Agreement. All such items, rights, and/or interests shall belong exclusively to the Lottery.
- 13.2** Upon cancellation or termination of this Agreement, all plans, preliminary outlines, sketches, copy, electronic files, television footage and other materials produced under this Agreement that the Lottery has not yet paid for shall remain property of the Agency, regardless of physical possession of the items. Once the Agency receives payment for such property and materials from the Lottery, it shall relinquish ownership of such and, if necessary, forward items to the Lottery per the Lottery's request.
- 13.3** When the Agency shall determine that art work, electrotypes, engravings, photographs, manuscripts, audio and visual recordings, and any other similar items are of no further use in carrying out this Agreement, the Agency shall notify the Lottery in writing and shall clearly describe the particular item or items. The Lottery shall then notify the Agency in writing of the disposition the Lottery desires with respect to such items. All shipping and transportation costs shall be borne by the Lottery, and the Agency shall not be obligated to store the material at its expense except for a period not exceeding thirty (30) calendar days after notice has been given. These provisions shall apply whether the items in question are in the possession of the Agency or third parties. In the event that the Lottery shall fail to respond to the Agency's notice within thirty (30) days, the Agency shall have the option of storing such items in public storage facilities in the name of the Lottery and at the Lottery's expense and risk. In such event, the Agency shall notify the Lottery in writing of such storage and provide the Lottery any necessary information.

### **14.0 ACCOUNTING RECORDS**

All records, information, and documentation required of the Agency related to performance of this Agreement must be retained by the Agency and available for inspection or audit to the Lottery, its auditors, the Commission, and authorized agents of the State of South Dakota, including the Auditor General of South Dakota, for the duration of the Agreement and any extensions and for five (5) full years from the expiration date of the Agreement and any extensions.

### **15.0 COVENANTS**

The Agency agrees and covenants with the Lottery as follows and shall not take any action inconsistent with any of these agreements or covenants:

- 15.1** The Agency fully understands and shall abide by the requirements, specifications, terms and conditions of the RFP, the inquiries and responses published thereto by the Lottery, and the Proposal and subsequent information submitted by the Agency, and this Agreement and shall not make any claims for, or have any rights to relief without penalty because of any misunderstanding or lack of information.
- 15.2** The Agency is qualified to do business in the State of South Dakota and it will take such action as, from time to time hereafter, may be necessary to remain so qualified.
- 15.3** The Agency is not in arrears with respect to the payment of any monies due and owing the State of South Dakota, or any department or agency thereof, including but not limited to the payment of taxes and employee benefits, and it shall not become so during the term of this Agreement.

- 15.4** The Agency shall comply with all federal, state, and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.
- 15.5** The Agency shall not knowingly infringe any patent, copyright, trademark or service mark of any other person for any program, process, composition, writing, idea, combination of ideas or any other work of any nature or any other tangible, intangible or intellectual or conceptual property in performance under this Agreement.
- 15.6** The Agency shall comply with all state and federal laws, rules, regulations and executive orders involving nondiscrimination on the basis of race, color, religion, national origin, age, sex and handicap.
- 15.7** The Agency shall procure, at its expense, all licenses, permits, and governmental approval, if any, necessary to the performance of its services under this Agreement.
- 15.8** The Agency shall comply with all state and federal laws, rules and regulations involving payment of wages.

## **16.0 INDEMNIFICATION**

- 16.1** The Agency agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Agency to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents and employees.
- 16.2** The Agency agrees to report to the Lottery any event encountered in the course of performance of this Agreement which results in injury, or death, to the person or property of third parties, or which may otherwise subject the Agency or the Lottery to liability. The Agency shall report any such event to the Lottery immediately upon discovery.

The Agency's obligation under this section shall only be to report the occurrence of any event to the Lottery and to make any other report provided for by their duties or applicable law. The Agency's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the Lottery under this section shall not excuse or satisfy any obligation of the Agency to report any event to law enforcement or other entities under the requirement of any applicable law.

## **17.0 CONFIDENTIAL INFORMATION**

- 17.1** The Agency, its officers, employees, agents, representatives and subcontractors, if any, shall not disclose to any other person or entity any information pertaining to the Lottery, except as may be necessary in its performance of this Agreement.
- 17.2** The Lottery, its officers, employees, agents, representatives and subcontractors, if any, shall not disclose to any other person or entity any confidential, secret or proprietary information of know-how concerning copyrights, trademarks, trade or commercial secrets or plans of the Agency, at any time without the express prior written approval of the Agency, except as may be necessary in its performance of this Agreement.

- 17.3** In the event that any demand, claim, action or proceeding of whatsoever nature is made, asserted or instituted which has as its purpose or object, or may have as its consequence, the disclosure to any person of any of the information referred to in Section 17.1 or 17.2, each party shall immediately notify the other party thereof; upon request, join and support the other party should the other party seek any stay, injunction, restraining order, protective order, declaratory judgment or any other form of interim or permanent relief, order or judgment whose object is to avoid, prevent, delay or limit the disclosure of such information; and not disclose such information unless, until, and only to the extent required to do so by the final order of a judicial, legislative, executive or administrative authority having actual jurisdiction thereof.

## **PENALTIES**

- 17.4** Unacceptable Products: The Agency shall be responsible for the cost of any items that are misprinted, produced, broadcast or published in error, or are otherwise unacceptable due to disregarding specifications or sign-offs approved by the Lottery. The agency will be responsible for the cost of expediting the replacement of any such items.
- 17.5** Delays: The Agency shall not be responsible for missed deadlines, closing dates or insertions that are caused by the delay of the Lottery in approving advertising programs or related services. The Agency shall be responsible for missed deadlines, closing dates or insertions that are caused by the delay of the Agency and its agents. The Agency and the Lottery agree that the agency shall pay the sum of \$100 per day as liquidated damages for delays caused by the Agency and its agents.
- 17.6** Shipping Charges: If the delivery of materials to media outlets or the Lottery must be expedited due to delays attributable to the Agency or its agents, the Agency will be responsible for the additional charges for the expedited delivery.
- 17.7** Overtime Charges: The Lottery will not approve the payment of overtime of any project without prior written approval. If the overtime is required by the failure of the Agency to perform, the Agency will be responsible for all such charges.

## **18.0 GOVERNING LAW**

- 18.1** The proposal process, the award procedure and this Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota.
- 18.2** Any lawsuit pertaining to or affecting this Agreement contract shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.
- 18.3** In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision thereof.

## **19.0 FORCE MAJEURE**

Except as otherwise provided herein, the Agency or the Lottery shall not be liable to the other for any delay in, or failure of performance of, any covenant contained herein, nor shall any such delay or failure of performance constitute default hereunder, to the extent that such delay or failure is caused by force majeure. As herein used "force majeure" means fire; explosion; action of the elements; interruption of transportation facilities; rationing; war; civil disturbance; or any other cause which is beyond the reasonable control of the party affected and which, by the exercise of reasonable diligence, said party is unable to prevent. The existence of such causes of delay or

failure shall extend the period for performance to such extent as may be necessary to enable complete performance in the exercise of reasonable diligence after the causes of delay or failure have been removed.

**20.0 MODIFICATIONS TO AGREEMENT**

This writing contains the entire agreement of the parties. No representations were made or relied upon by either party, other than those that are expressly set forth. No officers, employees, agents, or other representative of either party is empowered to alter any of the terms of this Agreement, unless done in writing and signed by persons authorized to do so on behalf of the respective parties.

**21.0 NOTICES**

**21.1** Any notice or other communication required under the contract shall be in writing and sent to the appropriate address and individuals indicated, or such authorized designees as either party may from time to time designate in writing.

Notices to the Agency shall be addressed to: Scott Lawrence, President, Lawrence & Schiller, 3932 S. Willow Avenue, Sioux Falls, South Dakota, 57105.

Notices to the Lottery shall be addressed to: Norman Lingle, Executive Director, South Dakota Lottery, PO Box 7107, 711 E. Wells Avenue, Pierre, SD 57501.

**21.2** Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

**22.0 RELATIONSHIP OF PARTIES**

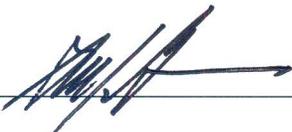
Both parties to this Agreement will be acting in their individual capacities and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

**23.0 WAIVER**

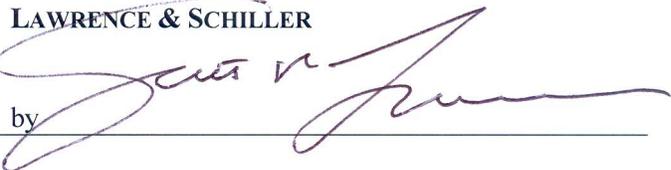
The failure of either party to this Agreement to object to or to take affirmative action with respect to any conduct of the other which is in violation of the terms of this Agreement shall not be construed as a waiver of the violation or breach, or of any future violation, breach or wrongful conduct.

*IN WITNESS WHEREOF* the parties hereto have executed this Agreement as of the day and year noted above.

**S.D. DEPARTMENT OF REVENUE,  
DIVISION OF S.D. LOTTERY**

by   
\_\_\_\_\_  
ANDY GERLACH,  
SECRETARY OF REVENUE

**LAWRENCE & SCHILLER**

by   
\_\_\_\_\_  
SCOTT LAWRENCE  
PRESIDENT/CEO

**LAWRENCE & SCHILLER:**

**RESPONSE TO  
SOUTH DAKOTA LOTTERY RFP #217**

**MARCH 27TH, 2015**

**SD LOTTERY RFP  
MARCH 27, 2015**

**DEAR MS. THOMPSON,**

Thank you for the opportunity to respond to your Request for Proposal for the South Dakota Lottery Advertising Contract. Two years ago, as part of the last Lottery RFP process, our agency conducted extensive research to gain better insight into what will drive responsible play among new, existing and lapsed South Dakota Lottery players. We believed then, as we do now, that a deeper understanding of the player's perspective, combined with our past experiences, expertise and dedication, positions us to effectively support our state's lottery in reaching short and long-term goals.

The highlights of that research are included in the following RFP response.

Much like our great state, L&S prides itself on the strong work ethic of its people. We outthink and outdo. We sweat the small stuff. And we do everything we can to create marketing strategies and executions that stand out and produce results. That's what we call 5280. The Extra Mile.

I'm confident that that our level of service is second to none and hope that we have the opportunity to further discuss your vision and share our thoughts on the future of the South Dakota Lottery.

The pages that follow represent our response to your RFP. If you have additional questions, please do not hesitate to contact me, and we will respond immediately.

Sincerely,



Scott Lawrence  
President & CEO  
Lawrence & Schiller



**LAWRENCE & SCHILLER**  
5280. THE EXTRA MILE.

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## 6.3

Tell Us About Your Agency

## TELL US ABOUT YOUR AGENCY

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***A. Provide the name, address, phone number, fax number, general e-mail address, website URL and social media information (i.e. Twitter, Facebook, YouTube) of your agency:***

Lawrence & Schiller  
3932 S. Willow Avenue  
Sioux Falls, SD 57105  
Phone: (605) 338-8000  
Fax: (605) 338-8892  
info@l-s.com  
www.l-s.com  
www.facebook.com/LawrenceAndSchiller  
<https://twitter.com/TheExtraMile>  
<http://www.youtube.com/user/LawrenceAndSchiller>

***B. Provide the name, title, address, phone number and e-mail address of the person we should contact regarding your proposal:***

Micah Aberson  
Vice President of Client Services & Business Development  
3932 S. Willow Avenue  
Sioux Falls, SD 57105  
(605) 338-8000  
Micah.Aberson@l-s.com



***C. Provide a brief overview narrative that describes your agency's history, background and length of current continuous operation:***

Founded in 1976, Lawrence & Schiller has a robust history of working with some of the largest and most successful clients in the Midwest and throughout the country. Independently owned and operated, our mission is to build our clients into market leaders in a passionate, relentless and impactful manner. This drive has propelled us to become the region's largest full-service agency with 68 full-time team members. Headquartered in Sioux Falls, SD, we believe a team approach is the most effective and efficient way to work with and for our clients.

A typical L&S client team consists of account executives, media strategists and coordinators, copywriters, art directors and designers, web developers and designers, public relations specialists, consumer insights specialists, financial specialists and web marketing strategists. In addition to our account teams, the agency also offers an in-house product team specializing in broadcast production. With a philosophy of dedication to teamwork and collaboration, we become deeply immersed in your business both day-to-day and long term. Our best work has been the direct result of working together with our clients in this manner. If given the opportunity, we will further foster a culture of teamwork that will elevate the South Dakota Lottery brand and bring return on investment.

***D. Identify your agency's type of business entity such as corporation or partnership. If your agency is a corporation, indicate the location of the corporation's principal place of business and the state of incorporation.***

Lawrence & Schiller is a corporation incorporated in the state of South Dakota with principal place of business in Sioux Falls.

***E. State if your agency is licensed to do business and is in good standing in the state of South Dakota:***

Lawrence & Schiller is licensed to do business and is in good standing in the state of South Dakota.



***F. Submit an organization chart that identifies by name and title all directors, officers and employees of your agency:***

ACCOUNT SERVICE

Scott Lawrence | *President & CEO*

Tom Helland | *Senior Vice President of Client Relations*

Mark Glissendorf | *Senior Vice President of Operations/Multimedia*

Micah Aberson | *Vice President of Client Services & Business Development*

Shelly Johnson | *Account Supervisor*

Natalie Eisenberg | *Account Supervisor*

Jamie Hegge | *Account Executive*

Carrie Biondi | *Account Executive*

Tori Hofer | *Associate Account Executive*

Cortney Slaight | *Associate Account Executive*

Jade Possail | *Account Coordinator*

Jodi Stahl | *Account Coordinator*



CREATIVE

- John Pohlman | Executive Vice President
- Dan Edmonds | Senior Vice President of Design Services
- Dave Haan | Vice President of Disruptive Marketing & Public Relations
- Kevin VanWesten | Director of Production Services
- Melody Morton | Creative Director
- Scott Wiechmann | Creative Director
- Paul Rankin | Creative Director
- Brett Summers | Copywriter
- Katie Levitt | Copywriter
- Wade Thurman | Senior Art Director
- Sarah Pitts | Art Director
- Derek Soukup | Designer
- Les Cotton | Designer
- Katherine Altoff | Designer
- Katie Sterner | Designer
- Joe Schaeffer | Designer
- Amanda Connelly | Production Artist
- Brittany Zollner | Production Artist
- Sarah Beiber | Production Artist
- Dan Dismounts | Production Artist
- Luke McElrath | Senior Interactive Designer
- Chris Matheson | Director of Broadcast Services/Associate Creative Director
- Kevin Perlic | Broadcast Producer
- Mark Kitterman | Broadcast Producer
- Adam Sherman | Broadcast Editor
- Kevin Phipps | Audio Producer/Engineer



AUDIENCE ENGAGEMENT

- Ryan Gardner | Finance Manager
- Sam Gotham | Finance Specialist
- Mallery Schoen | Finance Specialist
- Elisabeth Ode | Finance Specialist
- Sheila Rogers | Senior Accounts Payable/Human Resources Specialist
- Tracy Saathoff | Consumer Insights Manager
- Kilee Kading | Consumer Insights Specialist
- Erin Healy | Consumer Insights Specialist
- Matt Hammer | Consumer Insights Specialist
- Emily Murtha | Media Strategist
- Lindsey Claussen | Media Strategist
- Amy DesLauriers | Media Strategist
- Chelsea Heeren | Media Specialist
- Annie Hagen | Media Specialist
- Mark Jacobsen | Media Specialist
- Mike Edgette | Media Specialist
- Aubrey Stromberg | Media Specialist
- Lizzie Cranny | Media Specialist

DIGITAL

- Robin Zebroski | Vice President of Digital Marketing
- Laura Mitchell | Senior Digital Strategist
- Miki Miller | Digital Marketing Analyst
- Amy Griese | Digital Strategist
- Carly Farrington | Digital Marketing Coordinator
- Jenna Jares | Web Production Coordinator
- Michael Hixson | Web Production Coordinator
- Trevor Patch | Digital Developer
- Carl Gorton | Digital Developer

## INTERESTING INSIGHT

"We have an imagination, an extraordinarily refined imagination. And, as a result, we can conjure up all sorts of really interesting scenarios of what we might do with the money if we won, and how happy we would be, and so on and so forth. And the very act of conjuring up these scenarios actually provides pleasure right now. So, in a way, what they're doing is buying the dream."

**Andrew Lo, Massachusetts Institute of Technology**

# 6.4

===== Tell Us About Your Agency's Capabilities =====



## TELL US ABOUT YOUR AGENCY'S CAPABILITIES

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Describe your agency's ability to fulfill the services requested in Section 3. Please highlight:

### **A. Services and expertise your agency offers:**

#### **Research**

Lawrence & Schiller's research team specializes in consumer insights research, account planning and qualitative and quantitative research that aims to understand target audiences, define campaign goals and identify results. Research programs can include anything from focus groups and surveys to measuring the effect your brand has on your audience.

- Account planning
- Online consumer insights
- Quantitative and qualitative studies
- Advanced analysis
- Field intercept studies
- Focus group moderation and analysis
- Cluster profile analysis
- Demographic studies
- Geographic studies
- Advertising audit
- Trending studies
- Campaign effectiveness reporting

#### **Media & Digital Strategy**

The L&S media team is the most experienced in the region. With expertise in all aspects of media planning and placement, we are dedicated to your success. Our strategists continue to stay ahead of industry trends and emerging media through ongoing education, trade show conferences and immersion. The team has extensive experience with all aspects of traditional as well as emerging media, including mobile message marketing, out-of-home messaging and online strategies. Each digital and media strategist is Google Certified to help enhance our clients' marketing efforts.

#### **Broadcast**

Our in-house broadcast crew ensures the highest level of production quality from script to screen. We have a fully equipped digital edit suite with dedicated stations for 2-D After Effects editing and 3-D animation design. We also have our own state-of-the-art audio suite for polishing film and video projects using professional voiceovers and custom music mixes, as well as producing award-winning radio advertisements.

- Film and video
- Directing
- Video production
- Video editing
- Set construction
- 2-D & 3-D animation
- Sound design
- Voiceover recording
- A/V coordination



### **Creative/Graphic Design**

At Lawrence & Schiller, each team has its own creative sub-team consisting of writers and multiple artists. Each of these creative teams is overseen by the agency Creative Director, our Director of Production Services and the Vice President of Design Services. This arrangement allows the agency's creative teams to be flexible throughout the production process, resulting in the best possible service and product for all of our clients.

Our talented collection of copywriters, art directors and web designers work to provide graphic direction to our broadcast and web production teams. Our creative teams have won countless regional and national awards for their creative achievements in producing magazine, newspaper, outdoor, direct mail, digital and non-traditional design concepts.

### **Web Development**

Our in-house programming team as well as our web development partner (Blend Interactive) specializes in custom, database-driven Internet applications, developing sites with lead generation and customer retention tools that have been recognized nationally for their innovation and effectiveness. Capabilities include:

- Programming a proprietary content management system
- Development with ColdFusion, ASP, ASP.net, PHP, AJAX, JavaScript, CSS and XHTML
- Managing SQL Server and integration client databases
- Creating rich media applications (Flash, Action Script, Streaming Video)
- Programming custom customer relationship management (CRM) tools
- Developing custom e-commerce solutions

### **Web Marketing**

In addition to building websites, L&S has established a proven methodology in the art of web marketing. Our web marketing strategists have even become highly sought-after speakers at marketing conferences throughout the nation. Through services such as search engine optimization, social media monitoring, pay-per-click advertising, dynamic email marketing, behavioral-targeted display advertising and social media marketing, L&S ensures that your site will provide a positive user experience, gain top online visibility with your target audience and deliver on-site conversions.

### **Public Relations**

Our public relations team is dedicated to positioning our clients with the media and other key constituent groups through traditional and disruptive public relations strategies. Digital public relations goes even further, gathering online conversations about your brand and providing a vehicle from which to respond. Capabilities include:

- Strategic planning
- Media and community relations
- Product launches
- Media training
- Employee communications
- Grassroots campaigns
- Crisis and issues management
- Special events and presentations
- Multimedia press releases
- Social media monitoring and engagement
- Email marketing as part of a customer relationship management program



### **B. Capabilities and experience in statewide advertising and marketing campaigns:**

Lawrence & Schiller has been partnering with the South Dakota Office of Highway Safety since 2008. This relationship has produced award-winning work and provides the perfect opportunity to highlight our agency's capabilities and experience in statewide advertising.

Over the years, L&S has produced campaigns for motorcycle safety, seat belt awareness, texting and driving, drunk driving and underage drinking. Each campaign has had a different key audience, from bikers at the Sturgis Motorcycle Rally and rural males to Native Americans and college students. In addition to television, radio, outdoor and online advertising, unconventional methods have also been utilized to reach these audiences. Examples include gas pump advertising, sidewalk graphics, bar advertising, public relations stunts, social media, movie theater advertising and street teams.

To combat drunk driving, we launched the first-ever mobile campaign where drivers could text in for sobriety checkpoint notifications and access numbers for local taxi services. This program was featured in *USA Today* where it was held up as a model for other states.

Specific statewide efforts for the Office of Highway Safety include the "Save it 4 L8R" campaign. This initiative focused on reaching a 12-to-20-year-old audience and conveyed the dangers of texting while driving. To combat what had become a major issue in South Dakota, L&S created a powerful television spot to reach cell phone users across the state. The television creative became a staple in texting and driving awareness and has received over 216,000 views on YouTube alone.



**Please refer to Creative Samples Disc 2 to view the "Save it for L8R" TV spot.**

## TELL US ABOUT YOUR AGENCY'S CAPABILITIES

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The Office of Highway Safety teamed with Lawrence & Schiller in 2010 to launch "Someone Needs You." Research revealed that individuals hesitate when making decisions based on how those choices may impact families, especially one's own children. Based on this insight, L&S launched a seat belt safety awareness campaign aimed specifically at reckless males and parents of young children. The work consisted of statewide media placement in television, radio, outdoor, movie theaters and gas stations. The television campaigns averaged an 85% reach of the target demographic with a 5.5 frequency. Overall, the integrated campaign generated more than ten million impressions, ensuring that virtually every South Dakotan saw the message several times.

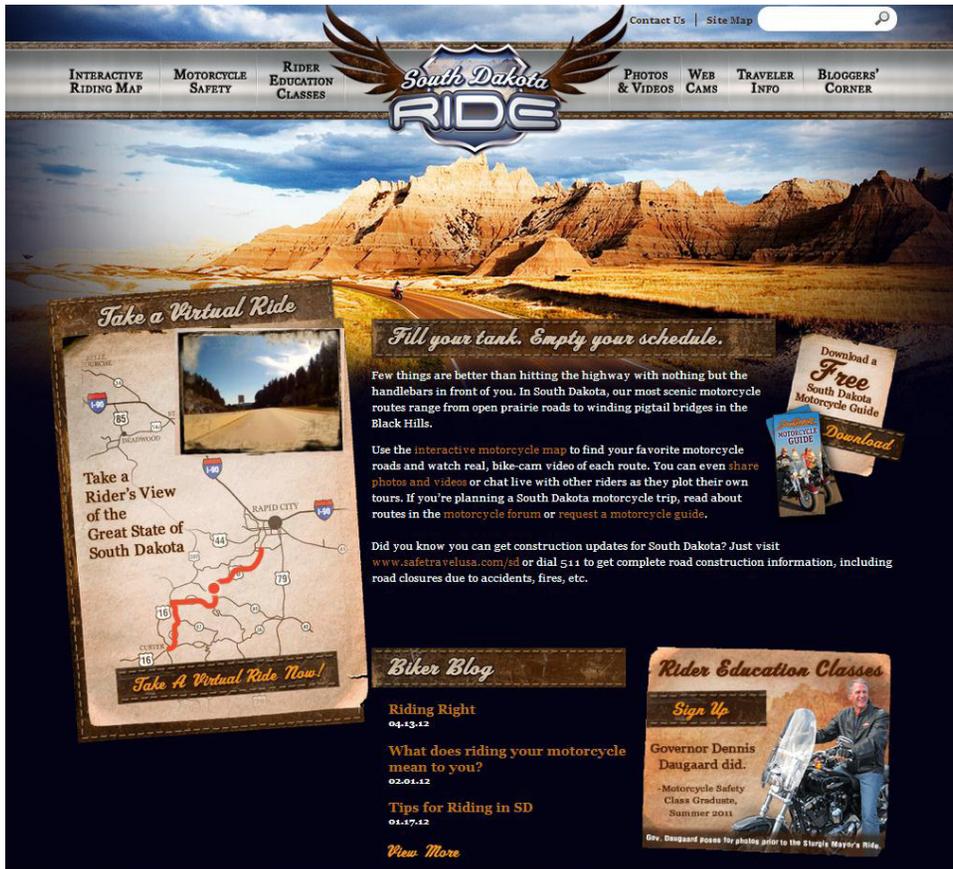
While these efforts earned numerous awards – including Gold and Best of Category South Dakota ADDY® Awards for the past three years – the results speak even louder. In 2010, seat belt use reached 74.5% – the highest ever achieved in South Dakota surveys. A year later, vehicle deaths reached a 50-year low while seat belt usage in youths 14-17 increased from 40% to a historic 72%.





## TELL US ABOUT YOUR AGENCY'S CAPABILITIES

With South Dakota being one of the premier motorcycle destinations in the nation, the South Dakota Office of Highway Safety also places a marketing emphasis on motorcycle safety. In 2012, Lawrence & Schiller created an innovative marketing campaign to entice motorcycle riders to drive safe and always wear protective gear. The campaign launched with the unveiling of a new motorcycle safety website, SouthDakotaRides.com. Since its launch, the site has been regarded as a hub for motorcyclists looking for the best routes throughout the state. The site also features real helmet-cam videos, photo sharing, chat forums and tips to stay safe on the road.



Following the launch of the new website, the campaign aimed to increase motorcycle safety at the Sturgis Motorcycle Rally. In order to do so, L&S set up an information booth in downtown Sturgis where a street team shared information regarding SouthDakotaRides.com and promoted a safety gear giveaway. The eight-person street team hit the streets promoting motorcycle safety and helped distribute T-shirts, tank tops, bandanas and guardian bells (small bells worn by riders for good luck on the road) to rally goers throughout the week. To capture riders' attention outside of the Rally and reinforce the message of safe riding, L&S created printed pillowcases to be used in select area hotels.

These combined efforts demonstrate Lawrence & Schiller's range of capabilities in comprehensive, statewide advertising and marketing campaigns. From traditional platforms to pillowcases, L&S produces innovative promotions that target key audiences, bringing results to the clients we serve.



### ***C. Capabilities and experience in statewide purchase and placement of media, including extra value opportunities identified in Section 3.2.E:***

As your marketing partner, our job is to help you get the right ad to the right person at the right time. Our smart media approach provides clear counsel as you evaluate the endless choices for messaging, media and audience demographics.

Like all agencies, we buy media. So how does L&S stand apart from the others? It's what we do before, during and after a client's media buy that tells the whole story.

#### **1. Proper Planning**

Ideally, we are involved in a client's marketing effort from the beginning. The more we know up front, the more effective we can be in planning and buying media. With the deep consumer and industry insights we uncover in our research and planning process, we sharpen our precision when it comes to paid media placement to accurately target the right audiences and eliminate inefficiencies and waste.

#### **2. Experience Matters**

Quality buys come from experience, and our agency's nine media buyers have over 25 years of combined experience in developing strategic paid media plans for the region's largest brands like South Dakota Tourism, Sanford Health, Midcontinent Communications and Taco John's. As an agency, we have placed over \$25 million in traditional media within the state of South Dakota in the past five years alone.

#### **3. Efficient Placement**

Lawrence & Schiller has a long standing reputation in the industry for strong but fair negotiating and getting extremely favorable rates for our clients. Schedules are bought as if we are spending our own money, and we hold media vendors to the same high standards. Lawrence & Schiller uses STRATA software for purchasing media, and we frequently use leading industry resources like Nielsen, Arbitron, GFK MRI and SQAD to evaluate the standard media costs in any given market. With in-depth price and performance data in hand, our buyers have more bargaining power to negotiate placements that ultimately have greater media impact in the marketplace.

Interactive and online campaigns have become increasingly vital when reaching out to target audiences. Lawrence & Schiller understands the importance of integrating online campaigns that work in conjunction with traditional media efforts and has placed \$3.6 million in interactive media in the past five years, as well as \$1.1 million in online search and Facebook targeting campaigns. L&S coordinates Google AdWords and Facebook campaigns through vendor interfaces, and all nine members of the L&S media team have tested and completed the Google AdWords Certification program.



### 4. Extra Value Opportunities

Quite often, value-added and special promotions are used to enhance or support a media schedule. Our media buyers are continuously searching for exciting promotional events and sponsorship opportunities that stretch our clients' dollars even farther. When it makes sense, L&S will negotiate value-added as part of the media buy itself and put together the best proposal possible.

For example, the South Dakota Office of Highway Safety has partnered with Lawrence & Schiller since 2008 to raise awareness of seat belt, alcohol and motorcycle safety, as well as distracted driving and underage drinking. In the media efforts for the 2010-2011 seat belt safety campaign, L&S secured a one-to-one match for cable schedules with Midcontinent Communications and Knology in available statewide zones. Cable schedules included specific paid programming in addition to the matched spot rotators.

L&S negotiated one-to-one matches on network television campaigns, as well. Participating matching stations included KEVN, KNBN and KOTA in the Rapid City DMA and KDLT, KSFY and KTTW in the Sioux Falls DMA. Lawrence & Schiller planned specific schedules based on the audience, reach and frequency, while the matched spots ran on a rotation basis. This ensured that the campaign delivered premium programming, along with the frequency needed to ensure the audience would see the message. Matched spot value for both cable and network television amounted to \$55,000 during the course of the campaign.

The radio plan for the campaign also included statewide coverage and a one-to-one match for spots purchased. Please refer to section 6.7.B. for a complete list of counties and stations included. Matched spot value for the radio campaign amounted to \$13,000.

Additional vendors that participated in value-added coverage included Lamar Outdoor advertising, which provided nine bonus locations for a value of \$6,700. CineMark movie theaters across the state donated two weeks of pre-roll advertising, which amounted to \$2,300.

### 5. Post-Buy Analysis

It's the follow-through after campaign buys that adds the most value for our clients. Our stringent auditing process is what really brings efficiency to our clients' bottom line. L&S conducts comprehensive post-buy analysis to verify each advertising program achieved both the specific media goals, as well as the overall business objectives. Our agency posts all network television spot buys each quarter to the Nielsen ratings for that quarter and guarantees ratings delivery. When clients' ads don't run as planned or certain television programming doesn't generate the viewership that was forecasted, L&S is aggressive in negotiating credits and "make-goods" to extend clients' advertising dollars even farther.



### *D. Resources to perform market research and analysis:*

Lawrence & Schiller delivers a wide range of market research solutions that consistently meet client needs. Each team at L&S has a dedicated Consumer Insights Specialist responsible for keeping constant tabs on the pulse of the consumer and the marketplace. We design each research project to deliver specific answers to the core questions that drive marketing decisions by consumers and business leaders. Our proven research methodologies are focused on uncovering insights that produce accurate, reliable campaign results. Once we have listened to your needs and clearly understood your objectives, we utilize a variety of small to large scale approaches to leverage your team's existing experience while providing answers to the unknown.

### **QUALITATIVE RESEARCH**

Simply put, this type of project investigates the why and how of decision making as compared to the what, where and when of quantitative research. Through qualitative studies, such as focus groups, we can acutely understand the mindset of target consumers through in-depth questioning techniques. A qualitative approach will continue to help identify opportunities to connect with players for future creative strategies.

### **QUANTITATIVE RESEARCH**

When making key decisions, the volume of results from quantitative studies, such as phone or email surveys, are indicative of what is true for the target audience as a whole. This type of research employs larger samples of participants and takes less of the respondents' time.

Lawrence & Schiller utilizes internal and external resources to develop and execute quantitative surveys on a regular basis for several types of clients. L&S has also developed our own proprietary consumer database of over 800 participants in South Dakota who willingly contribute to several types of consumer research.

### **SECONDARY OR SYNDICATED RESEARCH**

Lawrence & Schiller has also invested in a number of secondary research subscriptions and services to provide outside context to marketing recommendations. Some examples of the agency's licensed resources include:

- **Kantar Competitive Media Monitoring:** This real-time ad monitoring and clipping database provides competitive review and analysis on marketing expenditures for three million brands, including South Dakota Lottery and all other state lotteries, across 20 media covering \$41 billion in advertising expenditures around the world.
- **GFK MRI:** GFK MRI's Survey of the American Consumer® is the industry standard for a variety of audience media ratings in the U.S. and is used in the majority of media and marketing plans in the country. In-depth profiles of lottery players are available to provide a deep understanding of their attitudes, behaviors and media habits.



## TELL US ABOUT YOUR AGENCY’S CAPABILITIES

### ***E. Any experience in advertising retail products in the convenience/grocery sectors, and/or any experience in advertising the gaming industry:***

Lawrence & Schiller has also been working with Deadwood, SD, since 2005. During this time, we have collaborated with the Chamber and CVB to market history, events and gaming. We’ve promoted \$100/\$1,000 bet limits, slots and live table games like blackjack and Texas Hold’em in newspaper, radio, direct mail, email and television. In 2010, Lawrence & Schiller worked closely with Deadwood to help the town overcome challenges created by the recession and passage of a statewide smoking ban. We launched an aggressive marketing campaign that promoted the city to a younger audience who had expendable incomes and were looking for a wide variety of gaming options. The efforts helped revive gaming revenue and bolstered event attendance. In 2012, Deadwood experienced its highest gaming revenue on record.

Over the years, Lawrence & Schiller has worked with multiple clients in a retail/convenience setting. From 1998 to 2008, L&S worked with Orion Food Systems promoting multiple brands including Hot Stuff Pizza, Mean Gene’s Burgers and Smash Hit Subs. As convenience-store-based brands, we faced a unique challenge in getting customers away from the pump and into the store to satisfy their cravings. From nozzle talkers to cement clings, we produced point-of-purchase materials to draw customers in and gleaned valuable research about convenience store customers and their buying habits.

Today, we deliver retail strategies for the dozens of Taco John’s restaurants located within convenience stores, including POP for Street View and Drive-thru Zones. Unlike the stand-alone restaurants, these Taco John’s rely heavily on impulse food purchases, so POP kits are designed to intercept convenience store traffic and entice customers to order. We also produce merchandising strategies for the ten Lewis Drug Stores in South Dakota, ranging from department signage to in-store displays that highlight specific merchandise.

#### **Total Gross Revenue**

2012: \$X million (+X% over 2011)  
2011: \$X million  
2010: \$X million  
2009: \$X million  
2008: \$X million  
2007: \$X million  
2006: \$X million  
2005: \$X million  
2004: \$X million  
2003: \$X million

#### **Gaming Handle (total money wagered)**

2012: \$X billion (+X% over 2011)  
2011: \$X billion

#### **Table Revenue**

2012: \$X million (+X%)  
2011: \$X million

#### **Slot Machine Revenue**

2012: \$X million (+X%)  
2011: \$X million

### ***F. Any unique capabilities to advertise or market the Lottery or its products to fulfill the services requested:***

Lawrence & Schiller has a unique specialization and history of experience within the entertainment industry, working with brands that promise leisure, enjoyment and reward. From our work attracting vacationers from across the country to our experience in the exciting world of gaming, we know how to promote fun. We have worked with destinations like Terry Peak Ski Resort and events like River City Racin’, positioned Midcontinent’s cable product as a “staycation” during the economic downturn and discovered how consumers use Taco John’s breakfast as a reward or treat ahead of a hard day. Lawrence & Schiller’s understanding of entertainment brands—and consumers looking for leisure—is a unique expertise that we look forward to putting to work for the South Dakota Lottery.



***G. Identify the subcontractor(s) your agency proposes to use, if any, to complete production of television, radio, print, web and billboard advertisements, and those used for purchasing and trafficking of media. Responses do not need to identify vendors which produce final tangible items such as posters, brochures and point of sale items. Briefly describe the subcontractors' functions and their ability to fulfill their respective duties.***

Lawrence & Schiller is a full-service marketing and advertising agency. While the overall strategy and long-term planning is always driven by the agency and client, at times we enlist the help of specialists who provide unparalleled expertise, ranging from grip operators to broadcast producers. We maintain a close relationship with these specialists and always approach each project as an integrated team. A dedicated L&S team member is assigned to each project and acts as the liaison between the subcontractor and client.

### **Great Plains Motion Picture Company**

Great Plains Motion Picture is a full-service broadcast production company based out of Omaha, NE. L&S has been working hand-in-hand with them since 2009 in broadcast production work from ideation to location scouting to securing talent and actual production. Great Plains has been producing remarkable, award-winning TV spots for more than 25 years. Their clients include Taco John's, Purina and Nebraska Lottery.

### **In The Groove**

In The Groove Music in Minneapolis, MN, is an independent company that composes and licenses original music. Composing and producing tracks for over 15 years, In The Groove has worked on everything from South Dakota Tourism's music to the stingers for ESPN's SportsCenter.

### **Spectrum Films**

Spectrum Films currently provides Lawrence & Schiller with additional broadcast producers, directors and the essential equipment needed to create quality television and video. Jeff Zueger, L&S primary contact, has over 25 years of experience and is a valued partner.

### **Blend Interactive**

Blend Interactive currently provides Lawrence & Schiller with additional website development support, including responsive programming and state-of-the-art content management systems. Blend programmers have a combined 50+ years of experience in both PHP and .Net.

### **Doug Lee Pictures**

Doug Lee is a Director/Director of Photography, photographer and owner of Doug Lee Pictures (formerly known as SunDog Images), a production/marketing company. Doug has over 24 years of experience and has worked with Lawrence & Schiller for clients including South Dakota Tourism, Rapid City CVB and Deadwood CVB.

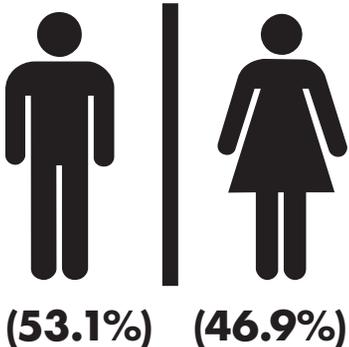
### **Pixelbox Productions**

Pixelbox Productions combines creative ideas with the latest technology and techniques when working to develop video and audio needs for their clients. Lawrence & Schiller partners with Greg Kiesow, owner of Pixelbox, to develop animation, motion graphics and quality production, ultimately bringing remarkable results to clients.

### **SunSpots Productions**

SunSpots Productions, a licensed talent agency, assists Lawrence & Schiller with professional voice talent sources. Based out of Minneapolis, SunSpots provides talent options from throughout the country, ensuring distinctive and professional voice options.

# INTERESTING INSIGHT



Adults who list playing the lottery as one of their leisure activities:  
Lawrence & Schiller proprietary data, via Adology

# 6.5

Tell Us Who We'll Be Working With



**A. Provide names, titles and length of service of your agency's principals:**

**Scott Lawrence**, President & CEO | 31 years of service

**John Pohlman**, Executive Vice President & Creative Director | 29 years of service

**Dan Edmonds**, Senior Vice President – Design Services | 28 years of service

**Mark Glissendorf**, Senior Vice President – Operations/Multimedia | 27 years of service

**Micah Aberson**, Vice President of Client Services & Business Development | 11 years of service

**B. Identify the key staff who would likely work with the Lottery on our account, their duties, and provide a brief vitae of their experience and qualifications:**

**ACCOUNT SERVICE**

**Scott Lawrence**, President and CEO

A brother to agency founder Craig Lawrence, Scott has been with L&S for more than 30 years. Scott plays a strategic role in nearly every agency account. He continues to lead the agency and be the center of support for his staff and their respective clients, overseeing marketing and creative decisions.

Scott has key relationships with many of the region's best known organizations and offers marketing perspectives to the boards of Xcel Energy, Sioux Falls Development Foundation, National Music Museum, Sioux Empire United Way, South Dakota Symphony and many other local and regional causes. Scott is the driving force behind the L&S "5280" mission and is at the core of the passionate and relentless culture of the agency.

**John Pohlman**, Executive Vice President

John Pohlman is the Executive Vice President & Creative Director of Lawrence & Schiller. A graduate of the University of South Dakota, John has been with L&S since 1986, serving as a Copywriter, Broadcast Producer and Director of Broadcast Production prior to his current position. He played a key role in the agency's transition from departments to client-directed teams in 2006 and currently acts as the creative coach to all of the agency's account teams.

Through the years, John has won numerous state, regional and national advertising awards for clients such as IBM, Berkley Fishing, Taco John's, Great Western Bank and South Dakota Tourism.



**MICAH ABERSON**, Vice President of Client Services & Business Development

Micah joined the agency in 2003 and for over ten years has been heading up accounts such as South Dakota Tourism, the South Dakota Office of Highway Safety and DAKOTACARE. He works with clients to define and set goals for their business and is an expert at crafting strategic communication plans to achieve those goals.

Micah has been recognized for his work by multiple organizations including The Argus Leader "15 under 30" Future Leaders Series (2006), the Jaycees as one of "Ten Outstanding Young South Dakotans" (2007) and Prairie Business Magazine as one of 20 under 40 regional top young professionals (2009). Micah received his BA, with honors, in Business and Marketing from Augustana College. He also holds an MBA from the University of Sioux Falls.

**TOM HELLAND**, Senior Vice President of Client Relations

As Senior Vice President of Client Relations, Tom Helland is responsible for leading efforts to make the Lawrence & Schiller client experience strong and mutually beneficial. With 24 years of agency experience, including 20 years at L&S, Tom has been one of the driving forces in obtaining and strengthening client relationships. Tom has extensive experience in the financial services, QSR, healthcare and electric utility industries.

Tom is a graduate of Minnesota State University, Mankato with a BA in English and a minor in Economics. He began his career in radio and TV sales before moving into advertising.

**JAMIE HEGGE**, Account Executive

As an Account Executive, Jamie is in charge of maintaining relationships and working with clients to establish strategic marketing plans based on the industry environment, consumer insights and business goals.

Since joining Lawrence & Schiller in 2009, Jamie has worked on several accounts, including the University of South Dakota, Sanford Health, Lewis Drug, Taco John's International and the South Dakota Department of Education. Jamie holds degrees in Speech Communication and Mass Communication from the University of South Dakota.

**JADE POSSAIL**, Account Coordinator

Jade joined L&S in 2014 and has since been managing client efforts and thinking eight moves ahead as an Account Coordinator. In charge of coordinating campaigns and communicating campaign tactics, Jade works to ensure no details are missed. Jade holds a Marketing degree from South Dakota State University.



## AUDIENCE ENGAGEMENT

### **EMILY MURTHA**, Media Strategist

Emily began working at L&S in December 2010 after completing her Advertising degree at South Dakota State University.

As the agency's lead Media Strategist, Emily works to develop comprehensive marketing campaigns for clients, finding the most effective advertising vehicles based on the target audience, the client's goals and consumer behavior. Emily currently strategizes and places media for Taco John's International, HuHot Mongolian Grill, the National Music Museum, St. Luke's College and the South Dakota Department of Education.

### **SAM GOTHAM**, Finance Specialist

Sam joined L&S in 2013 after graduating from Augustana College in Sioux Falls with a Bachelor's degree in Business Administration. Today, Sam ensures that our clients stay on budget and works with outside vendors to guarantee contracts and payments.

### **TRACY SAATHOFF**, Consumer Insights Manager

Working to get into the mindset of our clients' audiences, Tracy digs deep to understand what motivates and drives decisions for consumers. She utilizes a series of digital and traditional research methods to better understand not only what consumers think, but what they want from brands and advertisers. Tracy graduated from the University of Nebraska at Omaha with a Bachelor of Science in Communication.

Since joining L&S in 2010, Tracy has worked on accounts for the Rapid City Convention and Visitors Bureau, South Dakota Tourism, the South Dakota Office of Highway Safety and several others.



### DIGITAL

**ROBIN ZEBROSKI**, Vice President of Digital Marketing

Robin leads online marketing efforts for Lawrence & Schiller. Robin and the digital team are Google Analytics Certified and focus on building innovative, comprehensive online marketing plans which include search engine optimization, search engine marketing, online display advertising, dynamic email marketing, social media, web analytics, dashboards and evolving technologies.

Prior to joining Lawrence & Schiller in April 2007, Robin worked for Black Hills State University as the Director of Online Marketing and Adjunct Instructor for the University; prior to that, she held various marketing/design roles in the Denver market on accounts such as Avis, Trip.com, Nelnet and others. Robin graduated from Black Hills State University with a Bachelor's in Mass Communications with minors in Business and Speech Communications. She earned a Master of Business Administration from Regis University in Denver, CO.

**CARLY FARRINGTON**, Digital Coordinator

Carly joined L&S in 2013 after graduating from Northwestern College with a degree in Public Relations and Business Administration. Carly works as a Digital Marketing Coordinator where she assists with the agency's digital marketing efforts, manages client email campaigns, examines web analytics and conducts pay-per-click reporting.

### BROADCAST

**CHRIS MATHESON**, Director of Broadcast Services/Associate Creative Director

Chris joined L&S in 2001 as a Broadcast Producer and Writer and has since been promoted to Associate Creative Director. Chris produces and directs commercials and videos for clients including South Dakota Tourism, Taco John's and the South Dakota Office of Highway Safety. He has received several ADDY® and Clio Awards for his work.

Chris gained ten years of experience working in the commercial industry in California before he joined L&S. He earned his degree in Mass Communications from the University of South Dakota.

**KEVIN PHIPPS**, Audio Engineer & Producer

Kevin Phipps joined L&S in 2002, and his diverse position allows him to record and mix audio, oversee sound design and specialize in audio repair and restoration. He also works with writers and producers in the selection of music and voiceover talent and has received multiple ADDY® Awards for his work.

Before joining L&S, Kevin performed freelance audio engineering work and served as the program and promotions director for FOX-17 TV in Sioux Falls. Kevin attended Georgia State University and the DeVry Institute of Technology.

**ADAM SHERMAN**, Broadcast Editor

Adam began his path to L&S back in 1991 when his family moved from Massachusetts to Irene, SD. After attending the Art Institute of Colorado in Denver, Adam began his professional career in broadcast television at KELO TV.

After several years of working on newscasts, commercials and live events, he moved on to L&S as Editor, where he currently works to create and polish television commercials, long-format videos and motion graphics.



### CREATIVE

#### **PAUL RANKIN**, Creative Director

Paul works to develop memorable brand strategies and marketing campaigns for clients, along with writing creative, editorial and technical copy for all media channels. Paul joined the agency in 2008 and has played a key role in creative development for clients like Taco John's International and Midcontinent Communications.

Prior to joining L&S, Paul spent ten years as a copywriter/producer at Swanson Russell & Associates in Lincoln, NE, specializing in outdoor/recreation marketing.

#### **WADE THURMAN**, Senior Art Director

Wade joined L&S in 2000 and works with various clients to develop creative direction and campaigns that resonate with target audiences. He specializes in creative conceiving and design with an emphasis on typography and illustration. Wade's time is devoted to creating print advertising, logo design, brochures, collateral and digital design. He has led efforts to create unique free standing inserts as well as wrapped buses, trains, boats and semis with imagery to catch consumers' attention. Wade has enjoyed leading campaigns for South Dakota Tourism, the South Dakota Office of Highway Safety and Taco John's.

Wade has a double major in Visual Arts/Graphic Design and Advertising from South Dakota State University and has earned several advertising awards over the years for his work.

#### **DEREK SOUKUP**, Designer

Since joining Lawrence & Schiller as a Designer in 2005, Derek has assisted clients in defining their brands while helping them to reach key audience segments with clear and effective messaging. Derek's areas of expertise include POP development, brand strategy and digital design, as well as video production and editing. He has played a critical role in constructing marketing strategies for Great Western Bank, Taco John's and East River Electric.

When he isn't designing collateral for the next big campaign launch, Derek enjoys golfing and also volunteers at the Dakota Dachshunds Rescue.

#### **MICHAEL MAZOUREK**, Production Artist

Michael joined L&S as a Production Artist in 2014. Since then, he's been designing for both print and digital mediums, including web and email design. Michael holds a Graphic Design degree from South Dakota State University.



## DIGITAL PROGRAMMING

### **TREVOR PATCH**, Digital Developer

Trevor began working at L&S in 2011 after spending a year and a half at Iowa State University as a Web & Online Media Specialist. Trevor is proficient in HTML, CSS, JavaScript/jQuery, ColdFusion and WordPress, which allow him to develop websites, emails and responsive layouts for our clients.

He has worked on projects for the Rapid City CVB, South Dakota Tourism, Deadwood, Black Hills Digital Strategy Group, Black Hills Vacations and Downtown Rapid City and several others.

## PUBLIC RELATIONS

### **DAVE HAAN**, Vice President of Disruptive Marketing & Public Relations

As Director of Public Relations at L&S, Dave Haan helps clients tell their stories and engage with customers through traditional media, social media and digital channels. His work builds off the experience he gained working first as a reporter, producer and anchor at KELO TV and later as a Digital Strategist and Project Manager for web-based marketing campaigns at L&S.

Dave is a graduate of South Dakota State University with a double major in Broadcast Journalism and Speech. He has presented on digital development, online marketing and social media at several local and regional conferences.

***C. Disclose the name of any officer, director, partner or employee of your agency who is related to any Lottery employee or has a significant business relationship with any Lottery employee or Lottery Commission member, and disclose the name of the Lottery employee or Lottery Commissioner.***

No officer, director, partner or employee of Lawrence & Schiller is related to any Lottery employee or has a significant business relationship with any Lottery employee or Lottery Commission member.

# 6.6

Explain How We'll Work Together



### ***A. Explain the process your agency will use to develop a comprehensive advertising and marketing plan (Section 3.1.A) to guide the Lottery's advertising and marketing strategies:***

At Lawrence & Schiller, we believe research drives great creative and strategy. After digging deep into your business, we begin searching for insights to help optimize messaging. This allows us to develop creative that is inventive, impactful and effective. The following describes the approach and detailed steps, called the Critical Path, that we would take to better understand your industry, business, audience and goals.

#### **STRATEGIC PLANNING**

When we begin constructing a marketing plan, we start by partnering with our clients to develop a comprehensive understanding of the marketing environment before identifying key opportunities, establishing direction and defining our goals.

#### **DEFINING YOUR BRAND**

Effective work is a result of effective communication. For that reason, we would develop a brand triangle for the South Dakota Lottery to help our creative teams identify unique and valuable selling propositions. The brand triangle gathers the attributes, personalities and value statements that define your business and is used to help build a brand essence: a simple statement that sets the voice and tone for any creative.

#### **KEY INSIGHT**

In our clients' marketing efforts, it's the voice of the customer that truly leads the way. We recognize that innovative marketing and advertising is a means to an end – but not the end itself. Delivering results and growing participation with the South Dakota Lottery is the true objective, and we utilize an extensive insights and research process to create the marketing strategies that help you achieve your goals.

Our Consumer Insights Specialist employs surveys, interviews, intercepts, secondary research and other tactics to mine for emotional triggers. The Consumer Insights Specialist will also research the competitive landscape, making sure our clients are best positioned among competitors. From this research, and other research tools mentioned in Section 6.3.D., an insight is found that speaks to the consumer, inspiring them to act. This insight is then used to develop unique creative that resonates with each of our designated audiences.

## EXPLAIN HOW WE'LL WORK TOGETHER

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L&S proposes a strategy that encompasses seeking insight from players, stakeholders and retailers across the state. Working collaboratively with the South Dakota Lottery, L&S will develop an appropriate consumer research program to understand and assess the current players' attitudes, usage barriers and opportunities, and perceptions surrounding the South Dakota Lottery brand.

In our initial research we found that while people understand the tax revenue lottery provides, there is a lack of connection to why that matters in their hearts. The key to a successful brand not only influences minds but also touches hearts.

We believe seeking insight from stakeholders and retailers across the state will lead to better strategy and ultimately to meeting goals. To seek insight from these individuals we propose conducting focus groups and extensive visioning exercises with thought leaders and retailers. This will assist in determining their current perceptions and what they value, as well as their desires and expectations of the South Dakota Lottery.

Finding this key insight will support building a comprehensive communications plan that will unleash the potential of the South Dakota Lottery in a socially responsible way. It will also align the mission of the South Dakota Lottery around a clear market and audience-driven set of goals. These goals will lead the South Dakota Lottery in the following:

- Attracting new players to build revenue
- Building collaborative partnerships with retailers
- Identifying new solutions to a familiar/mature message and product
- Balancing innovative opportunities with a regard for social responsibility
- Emphasizing the South Dakota Lottery's commitment to supporting South Dakota's future

## CREATIVE PROCESS

Once the insights and goals have been pinpointed, the Consumer Insights Specialist and Account Service team gather to mold them into a comprehensive creative brief. The creative brief outlines project details, and the target audience insight that will drive the creative message. Often times, Consumer Insights Specialists will present initial research findings to the creative team prior to the creative brief being presented. This allows the creative team to gain a complete understanding of the project or campaign to transition into the brainstorming phase.

After the client approves the creative brief, the brainstorming process begins. Our team employs cross-collaboration and innovative tactics like listing, universe thinking and freewriting to take audience information and research and direct it into a focused creative message. Internally, our creative team will pare down the work, making sure only the best concepts make the cut.

Ideas and research findings are then presented to the client for feedback. In most cases, television concepts are presented in script form with a key accompanying visual. After approval, the TV concept is taken to the storyboarding phase, where each key shot is illustrated as we intend to shoot it (see Section 6.5.B.3 for example). Radio is presented in a script format similar to TV (see Section 6.5.B.2 for example). Point of purchase materials and collateral are presented in a completed layout (see Section 6.5.B.4 for an example). Digital is presented through a scope of work document, wireframes and then mock-ups (see Section 6.5.B.5 for an example).

When a spot has been completed and approved, it's time for distribution. Our broadcast team has transitioned to online shipping services such as Extreme Reach and Comcast, which has streamlined the distribution process and allows us to maintain the highest broadcast quality without generation loss in transferring. In addition, we are able to film and ship HD and can convert analog video/audio into any required formats.



### SMART MEDIA INVESTMENTS

Our smart media approach provides clear counsel to evaluate the endless choices for messaging, media and audience demographics. Combining years of experience with efficient placement and post-buy analyses, the smart media approach allows us to accurately and effectively deliver your messaging. For more information on our smart media processes, please reference Section 6.3.C.

### MEASUREMENT THAT MATTERS

Campaign measurement and monitoring are an integral part in every campaign we develop and would be an important aspect of the South Dakota Lottery campaign. By looking at performance measures across media, we're able to optimize creative messaging and/or strategies throughout the campaign to ensure we achieve the highest return on investment. To do this, three key components of the campaign measurement platform are used to help identify the performance and effectiveness of any marketing effort.

#### 1. STRATEGIC PLANNING AND PARTNERSHIP

Understanding the effectiveness of our efforts means studying and reporting on how paid and earned advertising impressions are generating campaign response and, ultimately, increasing lottery revenues. Working with our clients, we've developed strategic reporting and measurements to understand how the consumers are responding to a campaign. These tactics also allow us to uncover how behavior can help optimize future campaign efforts.

Prior to each new campaign, our team works closely with the client to review previous campaign performance such as website growth, email engagement and optimization strategies, as well as campaign response reports on pay-per-click, banner ads and other digital strategies. By taking this comprehensive year-in-review approach, we're able to identify which strategies were most effective in delivering results. Furthermore, the review lets us understand how behaviors are changing so that we may continue to speak to the consumers' evolving wants and needs in future messaging.

#### 2. REAL-TIME EVALUATION AND REPORTING

In addition to yearly analyses on the overall effectiveness of a campaign, we also place great emphasis on tracking the campaign efforts in real time to optimize messaging or creative for the highest engagement and action among visitors. Working with our clients, we've developed custom campaign reports with the appropriate key performance indicators (KPIs). The types of reports we provide include:

- Media campaign reports
- Email reports
- Search engine advertising reports (pay-per-click advertising)
- Online paid placement reports
- Search engine optimization reports
- Post-buy analysis reports

We also have experience developing real-time tracking systems and dashboards for a variety of industries. These systems help identify the instances when consumers are engaging with us throughout the year and, when combined with market research, allow us to understand seasonal trends in conversions and purchasing behaviors. By understanding how our campaigns are reaching players and their subsequent responses, we can develop the most effective messaging to drive future spending decisions for the South Dakota Lottery.



### 3. RETURN ON INVESTMENT

Lawrence & Schiller understands that marketing’s goal is to drive bottom line business results. To provide an evidence-based approach to marketing and track return on marketing spend, we look forward to working together with the South Dakota Lottery to develop an interactive platform comparing marketing spend to revenue impact. This analysis will assist both the South Dakota Lottery and Lawrence & Schiller in monitoring the effectiveness of the campaigns each year, as well as provide actionable data for board members, media partners and industry leaders in assessing the value of lottery marketing efforts.

**B. Explain how your agency will work with the Lottery from idea through invoice on an advertising project, highlighting the critical steps in the process. Include one (1) example, whether real or fictional (but not prospective work for the Lottery):**

At Lawrence & Schiller, we are structured into dedicated teams of creative strategists and marketing specialists. Every day, each team of about 18 individuals—including account service, copywriters, designers, public relations, research, media, finance, programmers and digital strategists—focuses on projects, campaign goals and fluctuations in our clients’ industries. Working side-by-side, our team members integrate specialized day-to-day tactics and services with strategic and innovative planning for the future.

South Dakota Lottery would work with its own team of marketing professionals who will become fully immersed in the gaming industry. Your team will complete projects through a process called the Critical Path (referenced in Section 6.5.A), which allows jobs to flow through the agency efficiently and in a timely manner.

In addition to the steps noted in the previous section, below are elements that would assist the efficiency of projects to be completed for the South Dakota Lottery.

LAWRENCE & SCHILLER			
Invoice			
XXXXX XXXXXXX XXXXXXXXXX	Invoice #	INV-45551	
XXXXX XXXXXXX X5	Invoice Date	2/28/2015	
XXXXXXXXXX XX XXXXX	Due Date	3/30/2015	
	Terms	Net 30	
XXXXXXXXXX - Cheyenne, & S. City Q2 TV Est. 3241			
Broadcast Orders	Date	# Spots	Total Cost
KTVD-TV	3/30/2015 - 4/12/2015	50	XXXX.XX
KCAL-TV Sioux City	3/30/2015 - 4/12/2015	8	XXXX.XX
KPTV-TV Sioux City	3/30/2015 - 4/12/2015	8	XXXX.XX
KLBV-TV	3/30/2015 - 4/12/2015	22	XXXX.XX
KNEE-TV Sioux City	3/30/2015 - 4/12/2015	4	XXXX.XX
KRTG-TV	3/30/2015 - 4/12/2015	8	XXXX.XX
KTVU-TV Sioux City	3/30/2015 - 4/12/2015	20	XXXX.XX
KSDM-TV	3/30/2015 - 4/12/2015	50	XXXX.XX
KSDQ-TV	3/30/2015 - 4/12/2015	30	XXXX.XX
KDWB-TV	3/30/2015 - 4/12/2015	30	XXXX.XX
Broadcast Order Subtotal			\$XXXX.XX
			\$XXXX.XX
Invoice Total			\$XX,XXX.XX
Less Applied Payments			\$0.00
Less Advance Billing			\$XX,XXX.XX
Amount Due			\$0.00

LAWRENCE & SCHILLER			
Invoice			
XXXXX XXXXXXX	Invoice #	INV-45554	
XXXXXXX	Invoice Date	2/28/2015	
XXXXXXXXXX XX XXXXX	Due Date	3/30/2015	
	Terms	Net 30	
Project 14-XXXXXX-XXXX - Consumer Research			
Interest Coding, Data Analysis, Presentation Development & Report Delivery			\$XX,XXX.XX
*Total bill for second half of project			
Invoice Total			\$XX,XXX.XX
Amount Due			\$XX,XXX.XX

#### 1. Job estimate

Most projects at Lawrence & Schiller begin with a job estimate. Job estimates are a way to outline key objectives and necessary items needed to complete a project. All expenses are included within a job estimate, including coordination and production, materials costs, printing and shipping. Once a job estimate is approved, L&S will develop a timeline to execute the approved project and outline next steps.

**Please reference Creative Samples Disc 1 for an example of a project estimate provided to clients for approval.**



## EXPLAIN HOW WE'LL WORK TOGETHER

### 2. Radio script

Once L&S and the South Dakota Lottery agree upon campaign goals and creative direction, scripting begins. Two to three radio scripts are created as options for clients, with all scripts meeting campaign objectives and tone. Revisions are made after a script is selected and before actual production begins.

**Please reference Creative Samples Disc 1 for examples of a radio script provided to clients for approval.**

### 3. Storyboard for a television ad

Television ads have a comparable approach to radio production. As mentioned in Section 6.5.A, creative brainstorming plays a significant part in television concepting and production. We develop multiple television directions internally and select three to four concepts to review with the client. Once a concept is approved, scripting begins and an accompanying visual is provided to give a clear sense of direction for each script presented. After approval, the TV script is developed into storyboards, where each key shot becomes an illustration.

With the approval of storyboards, the television spot moves into production. Lawrence & Schiller provides a shoot book containing scripts, talent description and contact information, shot list and schedules. Once the spot is produced, it moves into post production. Using our own state-of-the-art edit and audio suites, spots are edited and polished for distribution.

		SD DEPT. OF HIGHWAY SAFETY • "NEW PHONE"		TV:30
SHOT: In the passenger seat of a car next to a teen girl (16-18). She talks while driving/texting as if she's being interviewed documentary-style.  GIRL: This new phone is awesome...it's made my life so much easier. I get bored when I'm driving...	SHOT: Camera turns to see what's going on ahead of car.  GIRL: ...just sitting here, and I need to know what's going on...so now I have this huge screen,...	SHOT: Camera turns back to driver.  GIRL: ...a ton of apps and a keyboard. I can get texts and write back so fast, right away...	SHOT: The camera jerks to the windshield and we see her about to hit a child.  GIRL: I barely even have to look at it -	
SHOT: Cut to black.	SHOT: Slow push to reveal child's shoe in street.  VO: When lives are in your hands, a phone shouldn't be.			



### 4. An example of a point of sale item

Lawrence & Schiller approaches point of purchase by creating different store zones, allowing us to think of our messaging in the context of the customer experience. Examples created for Taco John's include the Street Zone, Store Approach Zone and Order Zone. We tailor our messaging to what will be the most effective in each zone.

For example, the order zone needs to do the heavy lifting to encourage the customer to make the purchase whereas the store approach zone needs to have a simple message to pique interest as customers walk towards the store. This type of strategy would be created for the South Dakota Lottery to ensure our messaging tactics are on par with how we want players to interact with us from the gas pump to the registers.



Please reference Creative Samples Disc 1 for examples of point of sale items.



## EXPLAIN HOW WE'LL WORK TOGETHER

### 5. A concept for a web or social media component

Our Media and Digital Teams works to get campaign messages in front of targeted audiences through strategic digital and traditional channels. For many clients, extensive digital marketing efforts play a key role in each phase of the marketing funnel. Digital plans not only complement traditional advertising, but also support marketing campaigns as a whole. Lawrence & Schiller will take the South Dakota Lottery's campaigns beyond traditional and digitally engage with the Lottery's players.

Please reference Creative Samples Disc 1 for an example of Taco John's Breakfast Spotlight campaign promoting the "Swap Your Breakfast Challenge." Users are able to interact with the Taco John's website or a Facebook tab to take the challenge and receive a breakfast deal.

The Facebook tab highlights the variety of bold breakfast choices offered at Taco John's and invites participants to identify their typical breakfast. After the user has entered their breakfast, he/she is asked to sign up to receive messaging from Taco John's in exchange for a half-off coupon on his/her choice of breakfast burrito. During the breakfast promotion, social media posts focused on promoting the "Swap Your Breakfast Challenge" and reminded Taco John's fans and followers about the variety of choices Taco John's offers during the breakfast rush. Email and mobile messages during this promotion period focused on creating awareness, encouraging trial and driving traffic into Taco John's locations for breakfast.

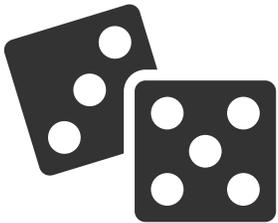


### 6 . Invoice(s) that show both production and media billings

Invoices are sent by the fifth business day of each month.

Please reference Creative Samples Disc 1 for examples of production and media invoices sent to clients.

## INTERESTING INSIGHT



“Research shows that optimistic people are open to playing the lottery. The first thing you have to do is rehabilitate or create the brand as something people want to participate in.”

**Superintendent Michael Jones, on rebranding of the Illinois Lottery**

## INTERESTING INSIGHT

"It's ridiculous to say that 51% of the population is just irrational or self-destructive. [Playing the lottery] serves a psychological function for people. Our pleasure of living is not only based on our current situation, but what could be, what we can imagine our situation could become."

**George Loewenstein, professor of economics and psychology**

# 6.7

Tell Us Who Values Your Services



**A. Include your current client list. Please highlight any clients in the gaming industry, clients which are government agencies and clients in the convenience, gas, grocery retail or bar/video lottery establishment sector.**

### **GAMING INDUSTRY**

#### **DEADWOOD CONVENTION & VISITORS BUREAU**

L&S has worked with several South Dakota Tourism partners on developing and refreshing their brand identities. The Deadwood Convention & Visitors Bureau began its rebrand with L&S as a co-op in 2005 and continues to work with the agency as a co-op and client to bring out the wild side in the west.

#### **LIV HOSPITALITY**

L&S has been working with LIV Hospitality Since 2014.

### **GOVERNMENT AGENCIES**

#### **SOUTH DAKOTA TOURISM**

L&S has been working with South Dakota Tourism since 2003. In ten years, Lawrence & Schiller has helped significantly grow visitation and visitor spending through expertly crafted messaging, unconventional marketing tactics and an unwavering devotion to the state of South Dakota.

#### **SOUTH DAKOTA OFFICE OF HIGHWAY SAFETY**

L&S joined forces with the South Dakota Office of Highway Safety in 2008. We have worked on a variety of campaigns since, with an emphasis on keeping dangerous drivers off of South Dakota roadways and reminding South Dakotans to buckle up.

#### **GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT**

The Governor's Office of Economic Development and Lawrence & Schiller have been working together to build South Dakota's economy through marketing since 2008.

#### **SOUTH DAKOTA DEPARTMENT OF LABOR**

Our agency's efforts for the South Dakota Department of Labor began back in 2004. Today, we are helping promote South Dakota jobs in an effort to bring skilled workers back to our state by utilizing emails, mall kiosks and personalized calls from Governor Dennis Daugaard.

#### **SOUTH DAKOTA DEPARTMENT OF EDUCATION**

The South Dakota Department of Education and Lawrence & Schiller have been working together to build awareness of college readiness opportunities through marketing since 2014



**SOUTH DAKOTA DEPARTMENT OF SOCIAL SERVICES**

Lawrence & Schiller began work for the South Dakota Department of Social Services in 2012. We're currently focused on getting the word out about the benefits of becoming a foster parent through TV, emails and a refreshed website.



**RETAIL**

**LEWIS DRUG**

As Lawrence & Schiller’s longest standing client, Lewis Drug has worked with L&S for 36 years. Throughout the partnership, L&S has helped Lewis Drug position itself as the first stop for all your retail needs.

**CONVENIENCE**

**ORION FOOD SYSTEMS** | Client since 1996.

**ADDITIONAL CLIENTS**

**EAST RIVER ELECTRIC POWER COOPERATIVES** | Client since 1984.

**DAKOTACARE** | Client since 1986.

**SANFORD HEALTH** | Client since 1988.

**MIDCONTINENT COMMUNICATIONS** | Client since 1998.

**ST. LUKE’S COLLEGE** | Client since 1998.

**VANCE THOMPSON VISION** | Client since 2009.

**UNIVERSITY OF SOUTH DAKOTA** | Client since 2009.

**TACO JOHN’S INTERNATIONAL** | Client since 2009.

**FISCHER ROUNDS INSURANCE** | Client since 2011.

**KELOLAND** | Client since 1999.

**HUHOT MONGOLIAN GRILL** | Client since 2014.

**FIRST PREMIER BANK** | Client since 2014.

***B. Provide the name, address and telephone number of a responsible official of three (3) clients for whom services similar to the requirements of this RFP were delivered in the past three years that we may contact as a reference.***

**SOUTH DAKOTA OFFICE  
OF HIGHWAY SAFETY**

Lee Axdahl, Director  
118 W. Capitol Avenue  
Pierre, SD 57501  
605-773-4949

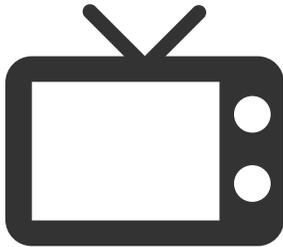
**DAKOTACARE**

Kirk Zimmer, CEO  
2600 W. 49th Street  
P.O. Box 7406 Sioux  
Falls, SD 57117  
605-334-4000

**LEWIS DRUG**

Mark Griffin, President & CEO  
2701 S. Minnesota Ave., Suite 1  
Sioux Falls, SD 57105  
605-367-2820

## INTERESTING INSIGHT



### **TV: SHOW ME A WINNER!**

Adults who list playing the lottery as one of their leisure activities enjoy stories of competition, and some of their favorite TV shows are game shows, talent competitions (American Idol, Dancing with the Stars, etc.), pro football (NFL), professional wrestling, action sports/extreme sports, hunting/fishing and poker.

**Lawrence & Schiller proprietary data, via Adology**

## INTERESTING INSIGHT



### **RADIO: IT'S NOT JUST FOR HOME OR CAR.**

Adults who purchase lottery tickets at a convenience store are more likely than others to say they listen to the radio in the workplace.

**Lawrence & Schiller Proprietary Data via GfK, MRI**

# 6.8

Show Us Examples of Your Work





**A. Provide one (1) comprehensive statewide marketing campaign, including a narrative that describes any market research and analysis, budget, objectives, creative strategy, media strategy and execution, documented results and copies of any advertisements and/or marketing materials.**

### **SOUTH DAKOTA OFFICE OF HIGHWAY SAFETY “100 DAYS OF HEAT”**

#### **MARKET RESEARCH AND ANALYSIS**

Lawrence & Schiller and the South Dakota Office of Highway Safety have been partners since 2008, working to decrease fatalities and keep South Dakota’s roads safe. Together, we analyzed the state’s fatality statistics and realized that, despite holiday travel and winter weather, the most dangerous time of year is the summer, when more than half of all South Dakota traffic fatalities happen.

So how did we help the South Dakota Office of Highway Safety save lives during this deadly time? By turning up the heat. Together, we launched 100 Days of Heat to curb speeding and drunk driving and increase seat belt use for 100 days of summer from Memorial Day to Labor Day.

At L&S, we believe that the most effective creative is derived from consumer research, so we conducted a survey and series of interviews to gain insight into what makes drivers speed, drive while intoxicated and not buckle up. We talked with several convicted DUI offenders, attorneys, a substance abuse counselor and law enforcement officers to uncover several insights:

- **Control.** Drivers think they have more control over their vehicles than they really do. Creative needed to effectively address that you never know when a tragedy could happen and none of us have the control that we think.
- **Shock value.** Creative that shocks and surprises is most effective at catching consumers’ attention and creating memorability.
- **Displacement.** Drivers we surveyed agreed that speeding is bad...except when it applies to them. And for drunk driving, drivers have an “it won’t happen to me” attitude. They don’t place themselves in the same group as “those people” who drink and drive.
- **Cowboy mentality.** South Dakota drivers have an independent spirit and don’t want to feel preached to. These drivers need a wake up call, but they don’t want to hear it.

#### **TARGET AUDIENCE**

Research done by the SDOHS and National Highway Traffic Safety Administration (NHTSA) shows that offenders in South Dakota are likely to be male, live in rural areas and drive pick-up trucks. Although our message needed to reach South Dakotans statewide, emphasis was placed on targeting men 18-45 in rural areas.

#### **BUDGET & OBJECTIVES**

Our total budget for the 100 Days of Heat campaign was \$300,000. Our campaign objectives were to lower drunk driving, lower speeding and increase seat belt usage. These goals were measured by the number of road fatalities and citations given during the campaign period.



### CREATIVE STRATEGY

Our research findings led us to develop a unique creative approach for 100 Days of Heat. Because drivers didn't want to be preached to, we misled them by producing a series of ads for three fake summer products – sunscreen, squirt guns and lemonade. The people in these fake commercials are enjoying carefree summer fun when the ads are suddenly interrupted by a car crash. After the crash, we warn drivers that tragedy can strike anytime, anywhere – even in the summer. This approach shocked and surprised drivers and caught them while their guard was down, baiting them with the fake commercial and hooking them with our message of safety.

The 100 Days of Heat campaign was also supported by a statewide law enforcement crackdown. Supporting radio and outdoor emphasized this increase in force, warning drivers that cops were everywhere while showing the image of a South Dakota Highway Patrol Officer.

### MEDIA STRATEGY AND EXECUTION

#### TV

Television ads were placed with a three-to-one match on network television and on cable channels targeting men such as Spike, Comedy Central and ESPN. Television spots can be viewed on Creative Samples Disc 2 included with this response.

#### RADIO

Radio was placed free through an agreement with the South Dakota Broadcasters Association on a variety of stations targeting both city and rural audiences. Since radio is so immediate in reaching drivers while they're on the road, creative focused on enforcement, reminding drivers that cops were everywhere, and you never know when one might be watching.

#### OUTDOOR

Billboards are also immediate with drivers, so the enforcement message was used here as well, utilizing unique headlines for drunk driving, speeding and seat belt messages. Boards were acquired with a combination of paid placement and PSA match.





## GAS PUMP ADVERTISING

Summer is a perfect opportunity to reach drivers as they're traveling, washing their cars or preparing for a day at the lake. Creative was placed in several South Dakota gas stations and convenience stores, with the 100 Days of Heat message appearing on gas pump toppers, beer cooler clings and even on full icebox wraps outside of the station.



## BAR ADVERTISING

A 100 Days of Heat message specific to drunk driving was placed in more than 50 bars around South Dakota with the help of Volunteers of America. Posters were displayed in bathrooms, free matchbooks were given to customers and temperature-sensitive coasters were distributed with every drink. When a cold drink was placed on the coaster, a hidden message was revealed urging them to call a designated driver.





## SHOW US EXAMPLES OF YOUR WORK

### PRE-ROLL & ONLINE MARKETING

Fifteen-second pre-roll ads were placed on a variety of geotargeted websites frequented by men, including online gaming and video sites.

Accompanying pre-roll banners directed people to 100DaysofHeat.com. The site featured an interactive map outlining the most dangerous counties for drivers, road fatalities and sobriety checkpoints. Viewers could also interact with a video player, safe driving facts, South Dakota statistics and a thermometer documenting 2012 crash fatalities.

A social media pledge was included asking drivers to pledge to buckle up and call a designated driver. Visitors could also sign up for checkpoint alerts delivered to their mobile phones. The South Dakota Office of Highway Safety first launched this mobile checkpoint alert program in conjunction with Lawrence & Schiller in 2009. The program was featured in *USA Today* as the first of its kind.



**PUBLIC RELATIONS**

Multimedia press releases were distributed to kick off the 100 Days of Heat campaign, and updates were sent throughout the summer alerting the media of saturation patrols, checkpoints and more. The campaign gained statewide media coverage from numerous blogs, KELO-TV, KSFY, KOTA and more.



In addition to media coverage, 100 Days of Heat also gained publicity through a PR stunt in conjunction with KRRO radio. A South Dakota Highway Patrol Officer visited two anchors and invited them to drink on-air and take several breathalyzer tests throughout their broadcast. The stunt effectively demonstrated (to a predominantly male audience) how alcohol affects reaction times and reflexes more than you may realize.





**DOCUMENTED RESULTS**

During the 100 Days of Heat campaign period (from the start of the Memorial Day weekend through the end of the Labor Day weekend), South Dakota recorded 50 fatalities as a result of highway crashes, which is significantly lower than the state’s ten-year average of 61 fatalities during the same period.

From May to September, speeding citations decreased 2.3% and DUI citations decreased 7.6%. The 100 Days of Heat website received more than 8,600 visitors and 15,000 pageviews. And in August 2012, Allstate Insurance honored Sioux Falls, SD, as having the #1 safest drivers in the nation.

Finally, the 100 Days of Heat campaign earned acclaim in the advertising community, garnering both silver and gold 2012 South Dakota ADDY® Awards.

***B. Provide two (2) summaries of broadcast media purchases for statewide advertising campaigns that included both :30 radio and television ads. Each summary should include the timeframe of broadcast, primary target audience, stations used, total number of spots by media type and total cost by media type. The television portion of each summary should also include gross rating points, cost per point and daypart distribution of ads in the Sioux Falls and Rapid City markets. Copies of the ads are not necessary, unless otherwise included in the samples requested in Section 6.7.C.***

**SUMMARY I: SOUTH DAKOTA OFFICE OF HIGHWAY SAFETY**

The 2010-2011 statewide South Dakota Office of Highway Safety seat belt safety campaign consisted of TV, radio, billboard, movie theater advertising and gas station advertising. The campaign objective was seat belt safety awareness, especially among young, reckless males and parents of young children. TV and radio campaigns were based on four short flights throughout the year structured around holidays and national seat belt safety mobilization.

*Note: The campaign targeted a young demographic with a strong emphasis on primetime programming, making the cost per point skew higher than a campaign that would be more evenly distributed by daypart.*

**CAMPAIGN DEMOS**

Primary – Men 18-34  
Secondary – Adults 18-54

**SIoux FALLS STATIONS**

KDLT  
KELO  
KSFY  
KTTW

**DAYPART DISTRIBUTION**

Early News | **X%**  
Late Fringe | **X%**  
Late News | **X%**  
Prime Access | **X%**  
Primetime | **X%**  
Rotator (sports specific) | **X.X%**

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**FLIGHT DATES | TOTAL SPOTS | VALUE ADDED SPOTS | TOTAL COST | GROSS RATING POINTS | COST PER POINT**

Nov 15 - Dec 5	109	XX	\$XX,XXX	439.1	\$XX.XX
Feb 7 - Feb 20	100	XX	\$XX,XXX	363.4	\$XX.XX
May 9 - May 29	154	XX	\$XX,XXX	418.7	\$XX.XX
Aug 15 - Aug 29	185	XX	\$XX,XXX	410.7	\$XX.XX
<b>TOTAL</b>	<b>548</b>	<b>XXX</b>	<b>\$XX,XXX</b>	<b>1,631.9</b>	<b>\$XX.XX</b>

**RAPID CITY STATIONS**

KCLO  
KEVN  
KNBN  
KOTA

**DAYPART DISTRIBUTION**

Early News | **X.X%**  
Late Fringe | **X.X%**  
Late News | **X.X%**  
Prime Access | **X.X%**  
Primetime | **XX.XX%**  
Rotator (sports specific) | **X.XX%**

**FLIGHT DATES | TOTAL SPOTS | VALUE ADDED SPOTS | TOTAL COST | GROSS RATING POINTS | COST PER POINT**

Nov 15 - Dec 5	170	XX	\$XX,XXX	437.9	\$XX.XX
Feb 7 - Feb 20	118	XX	\$XX,XXX	280.4	\$XX.XX
May 9 - May 29	141	XX	\$XX,XXX	185.9	\$XX.XX
Aug 15 - Aug 29	148	XX	\$XX,XXX	259.5	\$XX.XX
<b>TOTAL</b>	<b>577</b>	<b>XXX</b>	<b>\$XX,XXX</b>	<b>1,163.7</b>	<b>\$XX.XX</b>



## SHOW US EXAMPLES OF YOUR WORK

The following radio stations were purchased statewide for :30 ads and live reads. Flight dates included:

November 22 – December 5

February 7 – February 20

May 9 – May 29

August 15 – August 29

COUNTY	STATIONS	SPOTS	VALUE ADDED SPOTS	TOTAL COST	COST PER SPOT
Beadle	KIJV-AM	140	XX	\$XX.XX	\$XX.XX
	KJRV-FM	140	XX	\$XX.XX	\$XX.XX
	KZKK-FM	140	XX	\$XX.XX	\$XX.XX
Brown	KGIM-FM	140	XX	\$XX.XX	\$XX.XX
	KSDN-AM	140	XX	\$XX.XX	\$XX.XX
	KSDN-FM	140	XX	\$XX.XX	\$XX.XX
Codington	KPHR-FM	140	XX	\$XX.XX	\$XX.XX
	KSDR-FM	140	XX	\$XX.XX	\$XX.XX
	KWAT-AM	140	XX	\$XX.XX	\$XX.XX
Davison	KXLG-FM	167	N/A	\$XX.XX	\$XX.XX
	KMIT-FM	140	XX	\$XX.XX	\$XX.XX
	KQRN-FM	140	XX	\$XX.XX	\$XX.XX
Hughes	KCCR-AM	140	XX	\$XX.XX	\$XX.XX
	KGFX-AM	140	XX	\$XX.XX	\$XX.XX
Lake	KJAM-AM	140	XX	\$XX.XX	\$XX.XX
	KJAM-FM	140	XX	\$XX.XX	\$XX.XX
Lawrence	KDDX-FM	140	XX	\$XX.XX	\$XX.XX
	KZZI-FM	140	XX	\$XX.XX	\$XX.XX
Minnehaha	KELO-FM	140	XX	\$XX.XX	\$XX.XX
	KMXC-FM	140	XX	\$XX.XX	\$XX.XX
	KRRO-FM	140	XX	\$XX.XX	\$XX.XX
Pennington	KYBB-FM	140	XX	\$XX.XX	\$XX.XX
	KKMK-FM	140	XX	\$XX.XX	\$XX.XX
	KOUT-FM	140	XX	\$XX.XX	\$XX.XX
Yankton	KQRQ-FM	140	XX	\$XX.XX	\$XX.XX
	KXMZ-FM	120	XX	\$XX.XX	\$XX.XX
	KDAM-FM	140	XX	\$XX.XX	\$XX.XX
	KVHT-FM	140	XX	\$XX.XX	\$XX.XX
	KYNT-AM	140	XX	\$XX.XX	\$XX.XX
	WNAX-FM	140	XX	\$XX.XX	\$XX.XX
<b>TOTAL</b>		<b>4207</b>	<b>XXX</b>	<b>\$XX,XXX</b>	<b>\$XX.XX</b>

Note: The campaign targeted a young demographic with a strong emphasis on primetime programming, making the cost per point skew higher than a campaign that would be more evenly distributed by daypart.



**SUMMARY II: MIDCONTINENT COMMUNICATIONS**

In an effort to increase market share and focus on delivering relevant offers to audiences, Midcontinent Communications used a multimedia marketing approach with network and cable television, radio, newspaper, billboards, online and bus wraps for its spring 2011 campaign. Audiences were defined by lifestyle attributes and purchasing triggers.

**CAMPAIGN DEMOS**

Primary – Adults 25-54

**SIOUX FALLS STATIONS**

KDLT  
KELO  
KSFY  
KTTW

**DAYPART DISTRIBUTION**

Early Morning | **X.X%**  
Early News | **X.X%**  
Late Fringe | **X.X**  
Late News | **X.X%**  
Prime Access | **X.X%**  
Primetime | **X.X%**  
Rotator | **X.X**  
Sports | **X.X%**  
Weekend | **X.X%**

<b>FLIGHT DATES</b>	<b>TOTAL SPOTS</b>	<b>TOTAL COST</b>	<b>GROSS RATING POINTS</b>	<b>COST PER POINT</b>
Jan 10 – Mar 20	294	\$XX,XXX	1674.1	\$XX.XX
<b>TOTAL</b>	<b>294</b>	<b>\$XX,XXX</b>	<b>1674.1</b>	<b>\$XX.XX</b>

**RAPID CITY STATIONS**

KCLO  
KEVN  
KNBN  
KOTA

**DAYPART DISTRIBUTION**

Early Morning | **X.X%**  
Early News | **X.X%**  
Late Fringe | **X.X%**  
Late News | **X.X%**  
Prime Access | **X.X%**  
Primetime | **X.X%**  
Rotator | **X.X%**  
Sports | **X.X%**  
Weekend | **X.X%**

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**FLIGHT DATES | TOTAL SPOTS | TOTAL COST | GROSS RATING POINTS | COST PER POINT**

Jan 10 – Mar 20                      390                      \$XX,XXX                      1,639.9                      \$XXX

**TOTAL                      390                      \$XX,XXX                      1,639.9                      \$XX.XX**

**COUNTY | STATIONS | SPOTS | VALUE ADDED SPOTS | TOTAL COST | COST PER SPOT**

Beadle	KOKK-AM	180	XX	\$XX.XX	\$XX.XX
	KZKK-FM	180	XX	\$XX.XX	\$XX.XX
Brookings	KDBX-FM	216	XX	\$XX.XX	\$XX.XX
	KKQQ-FM	216	XX	\$XX.XX	\$XX.XX
Brown	KGIM-FM	216	XX	\$XX.XX	\$XX.XX
	KSDN-AM	216	XX	\$XX.XX	\$XX.XX
Codington	KIXX-FM	216	XX	\$XX.XX	\$XX.XX
	KPHR-FM	216	XX	\$XX.XX	\$XX.XX
Davison	KMIT-FM	216	XX	\$XX.XX	\$XX.XX
	KQRN-FM	216	XX	\$XX.XX	\$XX.XX
Hughes	KCCR-AM	180	XX	\$XX.XX	\$XX.XX
	KGFX-FM	180	XX	\$XX.XX	\$XX.XX
Lake	KJAM-FM	162	XX	\$XX.XX	\$XX.XX
Lincoln	KIKN-FM	234	XX	\$XX.XX	\$XX.XX
Minnehaha	KKLS-FM	234	XX	\$XX.XX	\$XX.XX
	KRRO-FM	216	XX	\$XX.XX	\$XX.XX
	KYBB-FM	234	XX	\$XX.XX	\$XX.XX
Pennington	KDDX-FM	108	XX	\$XX.XX	\$XX.XX
	KOUT-FM	18	XX	\$XX.XX	\$XX.XX
	KRCS-FM	126	XX	\$XX.XX	\$XX.XX
	KSQY-FM	216	XX	\$XX.XX	\$XX.XX
	KZZI-FM	216	XX	\$XX.XX	\$XX.XX
Tripp	KWYR-AM	216	XX	\$XX.XX	\$XX.XX
Yankton	KDAM-FM	216	XX	\$XX.XX	\$XX.XX
	KKYA-FM	216	XX	\$XX.XX	\$XX.XX
	WNAX-FM	216	XX	\$XX.XX	\$XX.XX
<b>TOTAL</b>		<b>5,076</b>	<b>X,XXX</b>	<b>\$XX,XXX</b>	<b>\$X.XX</b>



**C. Provide the following examples and briefly explain why they were selected:**

All examples can be viewed on the enclosed creative Samples Disc 2

**1. THREE (3) TV ADS**

**“CHICKEN DANCE” BAJA BONELESS WINGS – TACO JOHN’S**

Successfully introducing a new menu item requires comprehensive research, effective media strategies and a substantial creative effort. For Taco John’s Baja Boneless Wings, L&S worked with several vendors (including a Minneapolis-based animation company) to create a unique, captivating campaign that resulted in double-digit same store sales growth.

**“SAVE IT FOR L8R” – SOUTH DAKOTA OFFICE OF HIGHWAY SAFETY**

With over 216,000 YouTube views, this award-winning PSA for the Office of Highway Safety proves that thought-provoking insights, strong writing and high production value can turn a simple idea into a life-saving marketing campaign.

**“RESTING PLACE” – DEADWOOD CHAMBER OF COMMERCE & CONVENTION & VISITORS BUREAU / SOUTH DAKOTA TOURISM**

“The west doesn’t get any wilder.” That positioning line, included in a series of memorable :15 spots created in 2010 for Deadwood, helped the city overcome slumping revenue and gaming handle numbers. Thanks in part to this aggressive marketing campaign, Deadwood’s 2012 total gross revenue was able to rebound, increasing by 6.43% in just one year.

**2. THREE (3) RADIO ADS**

**“CHICKEN DANCE” BAJA BONELESS WINGS – TACO JOHN’S**

Expert sound design and highly infectious music helped “Chicken Dance” cut through the clutter, rack up awards and boost Taco John’s sales.

**“INNER OUTLAW” – DEADWOOD CVB**

This engaging radio spot ran in key markets across the country and encouraged listeners to come to Deadwood to unleash their inner outlaw by exploring the city’s history, saloons and gaming establishments. Multiple versions of this spot were created, each with a specific price point.

**“BUZZKILL (ST. PATRICK’S DAY)” – SOUTH DAKOTA OFFICE OF HIGHWAY SAFETY**

The radio soundscape is often littered with noisy, ineffective messaging. To combat this, we created “Buzzkill,” a radio campaign that aimed to directly communicate the Office of Highway Safety’s warning against drunk driving, specifically during St. Patrick’s Day and the March Madness



### 3. THREE (3) PRINT ADS DESIGNED FOR NEWSPAPER PUBLICATION

#### **“POKER ALICE” – DEADWOOD CVB**

This print ad, part of the “West Doesn’t Get Any Wilder” campaign, was created to help refresh the Deadwood brand and entice a younger audience who was more likely to spend their disposable income on gaming. The work was well received and helped position Deadwood as the place for fun times with friends.

#### **“DIFFERENT VACATION EVERY DAY” – RAPID CITY CVB**

Lawrence & Schiller worked with the Rapid City CVB to create a series of print ads promoting the abundance of activities available to Rapid City tourists. The award-winning ads ran in key markets around the country and played a part in the city’s increased visitation.

#### **“BUILDINGS” (ADSCAPE) – MIDCONTINENT COMMUNICATIONS**

To better communicate the value and size of Midcontinent’s \$69 bundle, we created vibrant, full-page Adscape print pieces. The ads ran in several regional markets and were a part of a larger campaign that would eventually help Midcontinent reach their internal spring sales goal.

### 4. THREE (3) PRINT ADS DESIGNED FOR MAGAZINE OR EVENT PROGRAM PUBLICATION

#### **“WILD BILL/MILD BILL” – DEADWOOD CVB**

These unique print pieces were targeted toward a more youthful audience, due in most part to the group’s higher level of disposable income. The ads (created in 2012) were a part of a larger effort that helped elevate and reinvigorate the Deadwood brand.

#### **“TATANKA” – SOUTH DAKOTA TOURISM**

Breathtaking and simple, this print series for South Dakota Tourism showcases some of the highest caliber of copywriting, photography and design skills at L&S. “Tatanka” was a part of a series that ran in major regional and national markets.

#### **“NPNET: SERIOUS ABOUT DATA” – MIDCONTINENT COMMUNICATIONS**

Midcontinent’s NPNet delivers information and data to thousands of customers across 6,400 miles of fiber optic cable. This piece pairs a stylized map of the network’s footprint with sharply written body copy that explains just how serious Midcontinent takes its customers’ data needs. The ad ran in multiple publications, including *Time Magazine*.



**5. THREE (3) IMAGES OR PHOTOS OF POINT OF SALE SAMPLES OF MAXIMUM VARIETY**

**FISH TACOS TABLE TENT – TACO JOHN’S**

When Taco John’s debuted Fish Tacos, it was Lawrence & Schiller’s job to get the word out about the tasty new menu item. We did it through a variety of media, including in-store signage. The fish-shaped ceiling danglers and table tents that we created helped drive sales and also won several awards.

**\$69 BUNDLE CUSTOMER SERVICE CENTER SIGNAGE – MIDCONTINENT COMMUNICATIONS**

Point of sale posters and front-counter signage were created to help inform Midcontinent’s customers of the latest bundle offer. Die-cut signage was made to match the rest of the spring campaign, taking advantage of the campaign’s established, distinguished look.

**“FOLLOW THE BACON” BACON CHEDDAR MEAT & POTATO BURRITO FLOOR CLINGS AND COUNTER CLING – TACO JOHN’S**

In traditional Taco John’s restaurants, mall locations and convenience stores, this inventive point of sale series greeted patrons with a tempting trail of bacon-related clings. Copywriting throughout this campaign used a tone of silliness and obsession, capitalizing on the bacon trend that was blossoming across America.

**6. TWO (2) URL ADDRESSES OF AGENCY-DESIGNED WEBSITES**

**[HTTP://WWW.SOUTHDAKOTARIDES.COM/](http://www.southdakotarides.com/)**

Created in 2012, SouthDakotaRides.com showcases the beautiful, open roads of South Dakota while also offering motorcycle safety tips, rider education, traveler info, an interactive riding map and virtual rides that provide breathtaking views from some of South Dakota’s most beautiful roads. The site received a W3 Gold Award from the International Academy of Visual Arts.

**[HTTP://WWW.TACOJOHNS.COM/](http://www.tacjohns.com/)**

The Taco John’s website is the result of months of hard work and client/agency collaboration. This mobile-friendly site has helped significantly increase Taco John’s digital presence and receives an average of over 50,000 visits per month.

**7. TWO (2) LAYOUT IMAGES OF BROCHURES OR OTHER COLLATERAL MATERIAL**

**DEADWOOD VISITOR GUIDE – DEADWOOD CVB**

The Deadwood Visitor Guide is a great example of Lawrence & Schiller’s commitment to quality and high production value. The brochure includes a die-cut cover and gives a peek into the agency’s experience with the gaming industry.



**PRICE AND SERVICE GUIDE – MIDCONTINENT COMMUNICATIONS**

Once a year, over 250,000 Midcontinent customers in over 350 communities receive a comprehensive guide to products, services, and Midcontinent community initiatives. In 2013, Lawrence & Schiller added an individualized sleeve to each customer’s brochure, showcasing that household’s next-highest level of service and encouraging a service upgrade.

**8. TWO (2) IMAGES OF OUTDOOR ADVERTISEMENTS**

**“SOMEONE NEEDS YOU” – SOUTH DAKOTA OFFICE OF HIGHWAY SAFETY**

Communicating the severity of driving accidents is difficult when dealing with a billboard’s restricted space. To overcome this problem, L&S created a series of visually arresting billboards and paired them with a simple, impactful headline: “Someone Needs You.”

**“EVERY DAY EASY” – LEWIS DRUG**

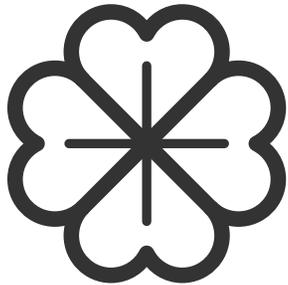
Our goal with Lewis’ “Every Day Easy” campaign was to showcase the retailer’s unparalleled convenience in a way that was quick and effective. The campaign (which included TV and radio) helped propel Lewis to their most profitable first quarter to date.

**9. ONE (1) IMAGE OF A UNIQUE OR INNOVATIVE ADVERTISING PIECE NOT SPECIFICALLY LISTED ABOVE**

**RUSHMORE MASCOT STREET TEAM – SOUTH DAKOTA TOURISM**

To get the word out about South Dakota’s most popular attractions, Lawrence & Schiller worked in tandem with the Department of Tourism to develop the Rushmore Mascot Street Team. The presidents have made stops across the country, including visits to New York City and key markets such as Kansas City and Des Moines. To date, the mascots have garnered millions of impressions and tens of thousands of dollars worth of media coverage.

## INTERESTING INSIGHT



"I don't play scratch tickets because I don't want to throw away money. I guess the more you play the more chance you have of winning, but I don't believe in my chances."

**Female Non Player, 30**

## INTERESTING INSIGHT

"[The lottery] lets you believe in magic: that you will be the one who spent a little and got a lot. And it is so much fun to play with the 'what if I won' scenario, to imagine what it would be like to live your dreams."

**Stephen Goldbart, Ph.D., and Joan DiFuria, MFT, Psychology Today**



Advertising and Related Services  
RFP #217  
Issued March 6, 2015

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**Proposals are due no later than 4:00 p.m. CT, March 27, 2015**

**Issued by:**

State of South Dakota  
South Dakota Lottery, a division of the Department of Revenue  
711 E. Wells Avenue, P.O. Box 7107, Pierre, SD 57501-7107

**Primary Contact:**

Kelly Thompson, Director of Advertising and Public Relations  
605-773-5770  
kelly.thompson@state.sd.us

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## **SECTION 1. General Information**

### **1.1 Why We're Issuing an RFP**

The Lottery's contract with its current agency expires on June 30, 2015. State law requires that the Lottery's major procurements go through a competitive process and be approved by the Lottery Commission. The purpose of this RFP is to invite competitive proposals from qualified agencies to provide advertising and marketing services for the Lottery.

The contract which results from this RFP will be for a period of two (2) years, commencing upon execution of a contract, with the option to extend for additional periods for a total contract term not to exceed five (5) years.

### **1.2 Issuing Office and RFP Reference Number**

The Bureau of Administration, Office of Procurement Management, is the issuing office for this document and all subsequent addenda relating to it, on behalf of the State of South Dakota, South Dakota Lottery. The reference number for the transaction is RFP #217. This number must be referred to on all proposals, correspondence, and documentation relating to the RFP.

## **SECTION 2. What We're Looking For**

The Lottery wants a full-service agency which:

- A. Provides a full range of advertising and marketing services with responsive client service;
- B. Provides quality advertisements, marketing materials and service at a valuable price and in a timely manner;
- C. Gets the highest value possible in purchasing and placing media; and
- D. Will be creative and innovative, but mindful of the sensitive nature of the Lottery and its products.

## **SECTION 3. What We Want Our Agency To Do**

The successful agency will be the Lottery's principal advisor and provider of the services listed in Sections 3.1 and 3.2.

The successful agency must be capable of performing these services within short time frames, as the Lottery must react to situations such as lotto jackpot winners coming forward, the short time between lotto drawings in which to promote a jackpot, and the production of multiple point of sale items in as little as one month to accommodate ticket print schedules.

### **3.1 General Agency Services**

- A. Assisting in the development of a comprehensive advertising and marketing plan to support the Lottery brand, general game categories, video lottery games, and specific scratch ticket and lotto games and promotions;
- B. Working in conjunction with other Lottery vendors on common planning, marketing, and promotional projects an example of which would be meeting to determine what scratch tickets will be printed, marketed and sold in the coming fiscal year;
- C. Assisting in the evaluation of miscellaneous advertising and marketing opportunities offered to the Lottery;
- D. Meeting with the Lottery's Director of Advertising and Public Relations, Executive Director and Deputy Executive Director at least quarterly in person or by teleconference to plan advertising objectives, strategies, and project status review;
- E. Developing and maintaining performance measurement matrices and procedures to gauge the effectiveness of advertising and marketing campaigns;
- F. Attending and working at Lottery-sponsored events for at least one day during the scheduled course of the event (such as the South Dakota State Fair or Black Hills Stock Show) at the agency's own expense; and
- G. Timely and accurate billing for all purchases and maintaining appropriate accounting records.

### **3.2 Advertising Services**

- A. Providing effective statewide advertising with appropriately targeted reach and frequency to the Lottery's consumer audiences;
- B. Creating, producing and placing television, radio, print, digital and billboard advertisements;
- C. Creating and producing point of sale materials which in the past has included posters, wobblers, crash bar stickers, banners, brochures, window clings, ceiling cards, and other promotional materials;
- D. Creating and producing images and advertisements for use on the Lottery website, other partner websites, Facebook page, Twitter feed, YouTube channel, and Lottery Players Club email messages;
- E. Negotiating, purchasing and trafficking of media including negotiating bonus spots and value-added materials, identifying any long-term commitments, cooperative advertising, or other special programs to realize savings to the Lottery;
- F. Verifying and documenting broadcast and publication of all requested media according to contracts and placement instructions;
- G. Evaluating performance of media planning and placement for highest value, reach, and frequency to the Lottery's consumer audiences;
- H. Developing in conjunction with the Lottery, a per campaign budget for production and media;

- I. Estimating production and media expenditures in advance; and
- J. Sharing proposed and final television and radio ads on an agency-hosted client internet server. (Audio and video media files cannot be transmitted through the state's e-mail network. Proposed and final print materials may be shared via e-mail.)

The successful agency must also be able to contribute to the services in Sections 3.3 and 3.4 through advice, planning, production, and/or support if called upon to do so:

### **3.3 Product Development**

- A. New game design, including ticket art, game names and logos;
- B. Special sales campaigns and retailer incentive programs;
- C. Improvements to existing Lottery games or new game concepts;
- D. Fulfilling the Lottery's market research and analysis needs in determining effective advertising methods to reach a variety of demographics and developing a reliable means of measuring the effectiveness of advertising campaigns for traditional, social and electronic media;
- E. Graphic design and development of art for use by the Lottery; and
- F. Consumer testing of Lottery products.

### **3.4 Public Relations**

- A. Public relations and promotional events, such as game launches and news conferences for lottery initiatives and winner announcements;
- B. Beneficiary information and awareness;
- C. Responsible gaming awareness and education; and
- D. Development and promotion of the Lottery's Facebook page, Twitter feed and YouTube channel. Daily management, updating and monitoring of the Lottery's Facebook and Twitter platforms are handled by the Lottery while the agency will be responsible for updating the YouTube channel and assisting in its management and monitoring.

## **SECTION 4. What and How We'll Advertise**

### **4.1 Common Goals of the Lottery and its Agency**

The Lottery's mission is to work cooperatively with our partner licensees to promote and ensure the integrity, fairness, security and honesty of lottery games to maximize revenues for state programs and initiatives and to ensure the Lottery remains a viable and sustainable source of revenue and entertainment for the State of South Dakota.

The agency and its work for the Lottery should reflect these overall goals of the Lottery:

- A. Benefiting the people of South Dakota by raising revenues for state initiatives and programs;
- B. Dedication to the Lottery's mission to operate in a secure, efficient, fair and profitable manner;
- C. Promoting quality products that provide entertainment and customer satisfaction of players and retailers;
- D. Ensuring the Lottery gets the highest quality advertising and related services for its products at the most competitive price; and
- E. Advertising and promoting the Lottery and its products in an effective and responsible manner.

#### **4.2 Advertising Subjects**

Scratch tickets, lotto games and video lottery are mature products in South Dakota, and advertising and marketing must keep the interest of existing players, capture the interest of new players, and recapture lapsed players.

The Lottery presents its products as fun, light forms of entertainment. Our advertising and marketing efforts generally focus on:

- A. Game Awareness: including newly launched scratch tickets, existing lotto games, a new lotto game or change to an existing lotto game, and the availability of video lottery games;
- B. Jackpot Awareness: it's the jackpot that sells lotto tickets;
- C. Winner Awareness: telling people about our winners and the winning experience reinforces game integrity and encourages sales;
- D. Sales Promotions: including second chance promotions in which players submit non-winning tickets to enter a contest for a prize, buy X get Y free, temporary game change promotions, exclusive promotions and giveaways for Lottery Players Club members, Twitter followers and Facebook fans;
- E. Brand Support: including the Lottery's overall image and general scratch ticket, lotto game, and video lottery game categories; and
- F. Beneficiary Awareness: explaining where the money goes and the benefits provided by Lottery revenues.

#### **4.3 Lottery Advertising Standards**

The Lottery takes seriously its sensitive nature as part of state government, and uses general industry standards for advertising:

- A. The Lottery will not produce ads that pander to those who are legally prohibited from buying its products, and will strive not to purchase media during times when the viewers are predominantly children.

- B. The Lottery will make no promise of winning to its constituents.
- C. The Lottery will not advertise playing the lottery as an alternative to working, as a financial investment, or as a way to achieve financial security.
- D. The Lottery will place emphasis on factual aspects of the Lottery, for example, how to play, how to win, what can be won, who has won, or the details of a particular promotion.
- E. The Lottery will include responsible play messages in any advertising and press relations.
- F. Winner awareness advertising will emphasize real winners and not focus on the hypothetical circumstances surrounding winning.
- G. Advertising will include the odds of winning and the age threshold to play.
- H. Materials made available to the public such as game tickets, brochures and the Lottery's website will contain problem gambling help information.

**SECTION 5. How Our Pitch Process Will Work**

Each interested agency must submit a written proposal responding to the information requested in this RFP and certify that the agency agrees with and can comply with all of the requirements in this RFP.

The Lottery's Evaluation Team will review all submitted proposals and make a recommendation to the Lottery Commission, which must approve an award selection before execution of a contract.

The event dates and deadlines are listed below. The Lottery reserves the right to change these dates, and will notify agencies in writing of any such change.

March 6, 2015	RFP Issued
March 20, 2015	Written questions are due to the RFP Coordinator by 4:00 p.m. (CT)
March 24, 2015	Answers to questions will be posted at <a href="http://lottery.sd.gov/about/2015adRFP/">http://lottery.sd.gov/about/2015adRFP/</a> after 1:00 p.m. (CT)
March 27, 2015	Written proposals due to the RFP Coordinator by 4:00 p.m. (CT)
April 6-10, 2015	Oral presentations and discussions to clarify a proposal, if needed and requested by the Lottery
June 11, 2015	The Evaluation Team will recommend an agency to the Lottery Commission during the Commission's regular meeting

## **SECTION 6. Written Proposal Requirements**

### **6.1 Delivery Deadline and Format Requirements**

- A. Completed and signed written proposals must be received by the RFP Coordinator by 4:00 p.m. (CT) on Friday, March 27, 2015. Proposals must be delivered to South Dakota Lottery, Attn: Kelly Thompson, P.O. Box 7107, 711 E. Wells Avenue, Pierre, SD 57501. Proposals received after the deadline will not be considered and will be returned unopened to the agency.
- B. Proposals must clearly identify the submitting agency.
- C. Proposals should be concise, clear, direct, and demonstrate the agency's understanding of the desired overall performance expectations.
- D. Proposals must identify and address each requirement by section number and in order (for Sections 6.2 through 6.8).
- E. Proposals must be delivered in hard copy form to the RFP Coordinator via U.S. mail, other courier, or personally delivered. The package must be sealed and clearly identify the submitting agency and that the package is a response to this RFP by displaying the appropriate RFP number and Title on the outside of the package.
- F. Written portions of proposals must be bound or in a three-ring binder.
- G. Cost proposals (Section 6.8) must be submitted in a separate sealed envelope and clearly labeled as the agency's cost proposal for this RFP.
- H. Your agency must include one (1) original, signed in ink by the person legally authorized to bind the agency, and four (4) copies of the written proposal.
- I. Your agency must also include one (1) printed version and one (1) electronic version of its proposal, including cost proposal and ad samples, that excludes any information the agency believes should be considered confidential. Both versions must be clearly marked "Public Record Version of Proposal". The electronic version of the written proposal must be included on disc in PDF (.pdf) format. **Please note:** The client information requested in Sections 6.6 and 6.7.A is considered confidential. Cost proposals in Section 6.8 will not be confidential.

### **6.2 Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions**

By signing and submitting this proposal, the offeror certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation, by any Federal department or agency, from transactions involving the use of Federal funds. Where the offeror is unable to certify to any of the statements in this certification, the bidder shall attach an explanation to their offer.

### **6.3 Tell Us About Your Agency**

- A. Provide the name, address, phone number, fax number, general e-mail address, website URL, and social media information (i.e. Twitter, Facebook, YouTube) of your agency;
- B. Provide the name, title, address, phone number, and e-mail address of the person we should contact regarding your proposal;
- C. Provide a brief overview narrative that describes your agency's history, background, and length of current continuous operation;
- D. Identify your agency's type of business entity such as corporation or partnership. If your agency is a corporation, indicate the location of the corporation's principal place of business and the state of incorporation;
- E. State if your agency has all applicable licenses to do business and is in good standing in the State of South Dakota; and
- F. Submit an organization chart that identifies by name and title all directors, officers, and employees of your agency.

### **6.4 Tell Us About Your Agency's Capabilities**

Describe your agency's ability to fulfill the services requested in Section 3. Please highlight:

- A. Services and expertise your agency offers;
- B. Capabilities and experience in statewide advertising and marketing campaigns;
- C. Capabilities and experience in statewide purchase and placement of media, including extra value opportunities identified in Section 3.2.E;
- D. Resources to perform market research and analysis;
- E. Any experience in advertising retail products in the convenience/grocery sectors, and/or any experience in advertising the gaming industry; and
- F. Any unique capabilities to advertise or market the Lottery or its products to fulfill the services requested.

Identify the subcontractor(s) your agency proposes to use, if any, to complete production of television, radio, print, web and billboard advertisements, and those used for purchasing and trafficking of media. Responses do not need to identify vendors which produce final tangible items such as posters, brochures, and point of sale items. Briefly describe the subcontractors' functions and their ability to fulfill their respective duties.

### **6.5 Tell Us Who We'll Be Working With**

- A. Provide names, titles, and length of service of your agency's principals;
- B. Identify the key staff who would likely work with the Lottery on our account, their duties, and provide a brief vitae of their experience and qualifications;
- C. Disclose the name of any officer, director, partner or employee of your agency who is related to any Lottery employee or has a significant business relationship with any

Lottery employee or Lottery Commission member, and disclose the name of the Lottery employee or Lottery Commissioner.

## **6.6 Explain How We'll Work Together**

- A. Explain the process your agency will use to assist in developing a comprehensive advertising and marketing plan (Section 3.1.A) to guide the Lottery's advertising and marketing strategies.
- B. Explain how your agency will work with the Lottery from idea through invoice on an advertising project, highlighting the critical steps in the process. Include one (1) example, whether real or fictional, involving a Lottery product, of:
  - 1. A job estimate;
  - 2. A script for a radio ad;
  - 3. A storyboard for a television ad;
  - 4. An example of a point of sale item;
  - 5. A concept for a web or social media component;
  - 6. Invoice(s) that show both production and media billings.

## **6.7 Tell Us Who Values Your Services**

- A. Include your current client list. Please highlight any clients in the gaming industry, clients which are government agencies, and clients in the convenience, gas, grocery retail or bar/video lottery establishment sector.
- B. Provide the name, address and telephone number of a responsible official of three (3) clients for whom services similar to the requirements of this RFP were delivered in the past three years that we may contact as a reference.

## **6.8 Show Us Examples of Your Work**

Samples requested in Section 6.7 must be from within the last three years for clients other than the Lottery. Agencies are encouraged to submit all samples in electronic form on disc clearly marked as creative samples for this RFP. Electronic examples must be accessible using a computer drive, Windows Media Player 12, Adobe Acrobat Reader 8, or the Windows 7 suite of products.

- A. Provide one (1) comprehensive statewide marketing campaign, including a narrative that describes any market research and analysis, budget, objectives, creative strategy, media strategy and execution, documented results, and copies of any advertisements and/or marketing materials.
- B. Provide two (2) summaries of broadcast media purchases for statewide advertising campaigns (preferably conducted in South Dakota) that included both :30 radio and television ads. Each summary should include the timeframe of broadcast, primary target audience, stations used, total number of spots by media type, and total cost by media

type. The television portion of each summary should also include gross rating points, cost per point, and daypart distribution of ads in the Sioux Falls and Rapid City markets. Copies of the ads are not necessary, unless otherwise included in the samples requested in Section 6.7.C.

- C. Provide the following samples and briefly explain why the particular sample was selected:
1. Three (3) TV ads;
  2. Three (3) radio ads;
  3. Three (3) print ads designed for newspaper, magazine or event program publication;
  4. Three (3) images or photos of point of sale samples of maximum variety;
  5. Two (2) URL addresses of agency-designed websites;
  6. Two (2) digital ads;
  7. Two (2) layout images of brochures or other collateral material;
  8. Two (2) images of outdoor advertisements; and
  9. One (1) image of a unique or innovative advertising piece not specifically listed above.

## **6.9 Tell Us How Much Your Services Cost**

In a separate, sealed, and clearly marked envelope, please provide the following cost information:

- A. Billable Services:
1. List all the services for which your agency charges and for each service, indicate the amount proposed to be charged per hour to the Lottery.
  2. Indicate your agency's proposed percentage mark-up for subcontracted services.
  3. List all materials and incidentals for which the agency charges and for each item (such as CD's, DVD's, color copies, phone expenses), indicate the amount proposed to be charged to the Lottery.
- B. Commission Rates: Indicate your proposed commission rate for media placement. If the rate varies by media type, indicate the proposed commission rate for each media type.
- C. Non-billable Services: List all the services for which your agency does not charge a fee or commission, and explain how your agency determines non-billable services to the Lottery.
- D. Volume-Based Rates: Does your agency negotiate for media rate discounts based on volume? If so, indicate how the discount is negotiated and whether your agency proposes to pass the volume discount to the Lottery.
- E. Travel: Does your agency propose to charge for travel time related to account services? If so, indicate those charges.
- F. Indicate whether you intend to adjust commissions, charges, or fees upon any extension of a contract awarded pursuant to this RFP. If so, indicate the adjustment(s) and methods to determine the adjustment(s).

- G. Indicate any special features of your agency's proposal, including any suggestions for alternative pricing methods.

## **SECTION 7. Questions**

Written or emailed questions regarding this RFP are due to the RFP Coordinator by 4:00 p.m. (CT) on Friday, March 20, 2015. Answers to all questions will be posted at <http://lottery.sd.gov/about/2015adRFP/> after 1:00 p.m. (CT) on Tuesday, March 24, 2015.

## **SECTION 8. Evaluation of Written Proposals**

### **8.1 Opening of Proposals**

Written responses will be opened by the RFP Coordinator after 4:00 p.m. (CT) on Friday, March 23, 2015 and inspected to initially determine whether they satisfy the requirements stated in the RFP.

### **8.2 Evaluation of Proposals**

The Lottery's Evaluation Team will use subjective and objective criteria when evaluating proposals, including: agency experience and reliability, expertise of personnel, scope of services offered, cost proposals, and creativity in marketing, including quality of creative samples. State law (SDCL 5-18D-18) requires the use of the following criteria in the evaluation of proposals for professional services over \$50,000:

- 1) Specialized expertise , capabilities, and technical competence as demonstrated by the proposed approach and methodology to meet the project requirements;
- 2) Resources available to perform the work, including any specialized services, within the specified time limits for the project;
- 3) Record of past performance, including price and cost data from previous projects, quality of work, ability to meet schedules, cost control, and contract administration;
- 4) Availability to the project locale;
- 5) Familiarity with the project locale;
- 6) Proposed project management techniques; and
- 7) Ability and proven history in handling special project constraints.

Proposals will be evaluated on a rating scale of 1 to 5, with 1 being "does not meet expectations" and 5 being "greatly exceeds expectations". The weight factor for the evaluation process will be delineated as follows: overall ability to meet the Lottery's advertising needs with available resources and staff (40%); creativity and innovation in advertising campaigns and product offerings (20%); agency experience and proven record of success (15%); commission rates,

billable and non-billable services (10%); efficient billing methods and effective performance measurement practices (5%); demonstrated understanding of the Lottery's advertising standards and policies (5%); and overall presentation, followed and addressed RFP (5%).

### **8.3 Additional Information and Clarification**

The Lottery reserves the right to request additional information or clarification of information in an agency's proposal at any time, and to obtain from any and all sources, information concerning an agency that it deems pertinent to the RFP, and to consider such information in evaluating the agency's proposal.

An oral presentation by an agency to clarify a proposal may be required at the sole discretion of the Lottery. However, the state may award a contract based on the initial proposals received without discussion with the agency. If necessary, oral presentations would be scheduled for the week of April 6-10, 2015 at the Lottery's main office in Pierre.

The offeror is cautioned that it is the offeror's sole responsibility to submit information related to the evaluation categories and that the State of South Dakota is under no obligation to solicit such information if it is not included with the proposal. The offeror's failure to submit such information may cause an adverse impact on the evaluation of the proposal.

### **8.4 Rejection/Acceptance**

The Lottery reserves the right to reject any or all proposals, waive technicalities, and make award(s) as deemed to be in the best interest of the Lottery and the State of South Dakota.

Failure to comply with any part of this RFP may result in rejection of the proposal. In the event that all proposals do not meet one or more of the mandatory requirements, the Lottery reserves the right to continue the evaluation of the proposals and to select the proposal that most closely meets the RFP requirements.

### **8.5 Inspection of Proposals and Proprietary Information**

From the time proposals are submitted until the formal award of a contract, each proposal is considered a working document and will be kept confidential.

The proposal of the successful offeror(s) becomes public information. Proprietary information can be protected under limited circumstances such as client lists and non-public financial statements. Pricing and service elements are not considered proprietary. An entire proposal may not be marked as proprietary. Offerors must clearly identify in the Executive Summary and mark in the body of the proposal any specific proprietary information they are requesting to be protected. The Executive Summary must contain specific justification explaining why the information is to be protected. Proposals may be reviewed and evaluated by any person at the

discretion of the State. All materials submitted become the property of the State of South Dakota and may be returned only at the state's option.

## **SECTION 9. Recommendation to Commission and Contract Award**

The Evaluation Team will select the agency it deems the most qualified to perform the services to the Lottery as required in the RFP at the best value to the Lottery, which may not be the lowest cost proposal submitted.

The Evaluation Team's recommendation will be presented for approval to the Lottery Commission at the Commission's regularly scheduled public meeting at 10:00 a.m. (CT) on June 11, 2015 in Room 412 of the State Capitol in Pierre.

Following the Lottery Commission's approval of a recommended agency, a Notice of Intent to Award a Contract will be issued in writing to agencies submitting a proposal. Such award, however, will be contingent upon successful negotiation of a final contract within 30 days of the award and completion of the necessary background investigation.

## **SECTION 10. The Fine Print You *Must* Know**

### **10.1 RFP Coordinator and Point of Contact**

This RFP is issued by the Lottery pursuant to SDCL §42-7A-5. The Lottery is the sole point of contact with regard to all procurement and contractual matters relating to the services described herein. All inquiries concerning this RFP must be submitted in writing to the RFP Coordinator by the deadline in this RFP. Written inquiries by letter or e-mail are acceptable.

The RFP Coordinator and point of contact for this RFP is Kelly Thompson, Director of Advertising and Public Relations, South Dakota Lottery, P.O. Box 7107, 711 E. Wells Avenue, Pierre, South Dakota 57501. Phone: (605) 773-5770 Fax: (605) 773-5786 E-mail: [Kelly.thompson@state.sd.us](mailto:Kelly.thompson@state.sd.us)

### **10.2 Contract Administrator**

The contract administrator, or his successor or designee, is the point of contact for all contractual matters resulting from this RFP.

The contract administrator for any contract resulting from this RFP is: Norman Lingle, Executive Director, South Dakota Lottery, P.O. Box 7107, Pierre, South Dakota 57501. Phone: (605) 773-5770 Fax: (605) 773-5786.

### **10.3 Unauthorized Contacts**

Except as provided for in this RFP, no agency or its employees, subcontractors, agents or representatives may contact, orally or in writing, any employee of the Lottery, Lottery Commission member or Evaluation Team member concerning this RFP. Any unauthorized contact may disqualify the agency from future consideration.

Nothing in this section precludes the Lottery from routine contact with its current agency as necessary for current Lottery operations.

### **10.4 Incurred Costs**

The Lottery will not be responsible for any costs or expenses incurred by an agency in responding to any part of this RFP.

### **10.5 Prohibition of Multiple Proposals**

An agency may submit only one proposal.

### **10.6 RFP Revisions and Supplements**

The Lottery reserves the right to amend this RFP at any time. If at any time it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, agencies will be notified of such action and the revision and/or supplemental information will be posted at <http://lottery.sd.gov/about/2015adRFP/>

### **10.7 Modification or Withdrawal of Proposal**

Proposals may be modified or withdrawn by the agency by notifying the RFP Coordinator in writing before the date and time the proposal is due.

### **10.8 Proposal Tenure**

All proposals must remain valid for 90 calendar days from the proposal due date.

### **10.9 Proposals Property of Lottery**

All proposals, whether accepted or rejected, become the property of the Lottery upon receipt and may be returned only at the Lottery's option.

### **10.10 Nonexclusive Rights**

Nothing in this RFP or any contract resulting from this RFP precludes the Lottery from purchasing other advertising or public relations services for its use outside of the agency selected.

### **10.11 Lottery Approval of Staffing/Subcontractors**

The Lottery reserves the right to review and/or disapprove all employees relating to assignment to the Lottery contract. No subcontracting will be permitted without the express written approval of the Lottery. The Lottery reserves the right to require the agency to replace subcontractors found to be unacceptable.

### **10.12 Multiple Contracts**

The Lottery's desire is to select a single agency to provide advertising and related services. However, the Lottery reserves the right to award multiple contracts if it is determined by the Lottery to be in its best interest.

### **10.13 Background Checks**

As required by SDCL §42-7A-6, the Lottery will conduct thorough background investigations, including criminal history and credit checks of the agency, any parent or subsidiary corporation of the agency, all shareholders of five percent or more interest in the agency or parent or subsidiary corporation of the agency, and all officers and directors of the agency or parent or subsidiary corporation of the agency prior to formal award of contract.

In addition to completion of the Investigation Authorization and Individual History forms, the Lottery will also request financial statements for the agency's last three complete fiscal years. These statements must be prepared with generally accepted accounting principles.

### **10.14 Proposal Confidentiality**

If an agency believes any portion of its proposal contains information that should be considered confidential, the agency must clearly identify in the proposal any specific proprietary information they are requesting to be protected. The Executive Director will review all requests for confidentiality and determine their validity.

Cost proposals in Section 6.8 will not be confidential. The information requested in Sections 6.6 and 6.7.A is considered confidential.

### **10.15 Misunderstanding or Lack of Information**

This RFP will provide the basic information necessary to submit a proposal. By submitting a proposal, an agency agrees that it has satisfied itself from its own investigation of the requirements to be met, and that the agency fully understands its obligations if awarded a contract under this RFP and therefore will not bring any claim or have any cause of action against the Lottery, the State of South Dakota, or their officers or employees based on any misunderstanding or lack of information.

It is the agency's sole responsibility to submit information related to the evaluation categories; the Lottery is under no obligation to solicit such information if it is not included with the proposal. The agency's failure to submit such information may cause an adverse impact on the evaluation of the proposal.

#### **10.16 Agency Office(s) in South Dakota**

It is the Lottery's preference that the successful agency maintains an office located in South Dakota for the duration of the contract.

#### **10.17 Attendance at National Lottery Conferences**

The successful agency will be required to attend a minimum of one (1) national lottery conference, symposium or meeting annually during the course of their association with the Lottery. The expenses associated with said event will be borne by the agency.

#### **10.18 Non-Taxable Services**

All charges submitted to the Lottery are non-taxable, and the Lottery is not responsible for paying any federal, state or local taxes that become payable by the successful agency, its officers or employees, or its subcontractors.

#### **10.19 Financial Statements**

The offeror may be required to submit a copy of their most recent audited financial statements upon the State's request.

#### **10.20 Hiring of Lottery Employees Prohibited**

From the time this RFP is issued until either six months after the execution of a contract or the rejection of all proposals, an agency is prohibited from making any employment offer or proposing any business arrangement, whether officially or unofficially, to any employee of the Lottery or any Lottery Commission member.

#### **10.21 News Release Prohibited**

No agency may issue any news release or make any statement to the news media pertaining to this RFP or any proposal or contract or work resulting from this RFP without prior written approval of the Executive Director.

#### **10.22 Non-Discrimination**

The State of South Dakota requires that all contractors, vendors, and suppliers doing business with any State agency, department, or institution, provide a statement of non-discrimination. By signing and submitting their proposal, the agency certifies they do not discriminate in their

employment practices with regard to race, color, creed, religion, age, sex, ancestry, national origin or disability.

## **SECTION 11. Contract Negotiations**

By submitting a proposal, an agency agrees to be governed by the terms and conditions in this RFP and any amendments to the RFP, and agrees to include in any contract the terms and conditions in this RFP, any amendments to the RFP, the agency's proposal and any terms and conditions subsequently negotiated between the Lottery and the agency. In the event of any conflict or contradiction between or among these documents, the order of precedence is: 1) the contract; 2) the agency's proposal; and 3) this RFP.

The Lottery reserves the right to negotiate on any and/or all components of the proposal submitted.

The Lottery reserves the right to either award a contract without further negotiation with the successful agency or agencies, or to negotiate contract terms with one or more agencies if it is in the best interest of the Lottery.

If the Lottery is unable to negotiate a satisfactory contract with the first selected agency or agencies, the Executive Director may undertake negotiations with other agencies, subject to approval of the Lottery Commission.

## **SECTION 12. Anticipated Contract Provisions**

Upon approval by the Lottery Commission, the Lottery and the successful agency will negotiate the final terms and conditions of the contract.

### **12.1 Standard State Contract Provisions**

The contract resulting from this RFP will include the State's standard terms and conditions:

- A. The services to be provided under the contract shall commence and terminate on mutually agreed upon dates. Terms for early termination shall be included in the contract as negotiated by the parties.
- B. The terms of the contract shall state whether or not the agency will use State equipment, supplies or facilities. If the agency will use State equipment, supplies or facilities, the scope and conditions of such use will be clearly indicated in the contract.
- C. Unless otherwise negotiated and agreed upon by the parties, the Lottery will make payment in compliance with the Prompt Payment Act, SDCL§ 5-26, for services provided under the contract.

- D. The agency agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the agency to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents and employees.
- E. The agency, at all times during the term of the contract, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:
  - 1. Commercial General Liability Insurance: The agency shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000 for each occurrence and \$3,000,000 aggregate.
  - 2. Workers Compensation Insurance: The agency shall procure and maintain workers' compensation and employers' liability insurance as required by South Dakota law.
  - 3. Automobile Insurance: The agency shall maintain automobile insurance as required by South Dakota law.

Before beginning work under the contract, the agency shall furnish the Lottery with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this contract and which provide that such insurance may not be canceled, except on 30 days' prior written notice to the Lottery. The agency shall furnish copies of insurance policies if requested by the Lottery.

- F. While performing services under contract with the Lottery, the agency is an independent contractor and not an officer, agent, or employee of the State of South Dakota.
- G. The agency agrees to report to the Lottery any event encountered in the course of performance of this contract which results in injury or death to the person or property of third parties, or which may otherwise subject the agency or the Lottery to liability. The agency shall report any such event to the Lottery immediately upon discovery.

The agency's obligation under this section shall only be to report the occurrence of any event to the Lottery and to make any other report provided for by their duties or applicable law. The agency's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g. attorney-client communications). Reporting to the Lottery under this section shall not excuse or satisfy any obligation of the agency to report any event to law enforcement or other entities under the requirement of any applicable law.

- H. In the event the agency breaches any of the terms or conditions of the contract, the contract may be terminated by the Lottery at any time with or without notice. If termination for such a default is effected by the Lottery, any payments due to the agency at the time of termination may be adjusted to cover any additional costs to the Lottery because of the agency's default. Upon termination, the Lottery may take over the work

and may award another party a contract to complete the work under the contract. If after the Lottery termination for a default by the agency it is determined that the agency was not at fault, then the agency shall be paid for eligible services rendered and expenses incurred up to the date of termination.

- I. The contract will provide that the contract may be terminated by the Executive Director upon 30 days' notice without payment of penalty if the funds necessary for the Lottery to fulfill its obligations under the contract are not appropriated or are insufficient for any other reason; if the Lottery's authority to proceed under the contract is modified, withdrawn or expires; if the agency fails to comply with the terms of the contract or appears to be unable to fulfill its obligations under the contract; and upon six (6) months' notice for any reason.
- J. The contract may not be assigned without the express prior written consent of the Lottery. This contract may not be amended except in writing, which writing shall be expressly identified as a part thereof, and be signed by an authorized representative of each of the parties thereto.
- K. Venue for any and all legal actions regarding or arising out of the transactions covered herein shall be solely in Circuit Court, Judicial Circuit, Hughes County, South Dakota. The laws of South Dakota shall cover this transaction.
- L. The agency will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to the contract, and will be solely responsible for obtaining current information on such requirements.
- M. In the event that any court of competent jurisdiction shall hold any provision of the contract unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision thereof.
- N. All other prior discussions, communications and representations concerning the subject matter of the contract are superseded by the terms of the contract, and except as specifically provided therein, the contract constitutes the entire contract with respect to the subject matter thereof.
- O. Any notice or other communication required under the contract shall be in writing and sent to the appropriate address and individuals indicated in the contract, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.
- P. The agency may not use subcontractors to perform the services described in the contract without the express prior written consent of the Lottery. The Contractor will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of the contract, to indemnify the State, and to provide insurance coverage for

the benefit of the State in a manner consistent with the contract. The Contractor will cause its subcontractors, agents, and employees to comply with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements, and will adopt such review and inspection procedures as are necessary to assure such compliance.

## **12.2 Other Anticipated Provisions**

The Lottery anticipates the contract will also include the following provisions:

- A. The contract that results from this solicitation will be for a period of two (2) years, commencing upon execution of the contract, with the option to extend for additional periods for a total contract term not to exceed five (5) years. Notice of intent to renew shall be given by the Lottery to the agency as mutually agreed upon prior to the end of the current contract term. If the notice of intent to renew is given, the contract shall renew unless terminated by either party pursuant to the Termination Provision of the contract.
- B. Neither the agency nor any of its approved subcontractors will have any proprietary rights or interest in the products, materials, intellectual properties, data, documentation, programs, approaches, methodologies, or concepts developed, produced or provided in connection with the services provided under the contract. All such items, rights, and/or interests shall belong exclusively to the Lottery.
- C. At least three (3) price estimates must be obtained and documented for outside supplier expenditures exceeding \$1,000.
- D. The agency agrees that it will not make any financial commitment on behalf of the Lottery without prior approval from an authorized representative of the Lottery.
- E. The agency agrees to be responsible for the cost of any items produced on behalf of the Lottery that are misprinted, produced, broadcast or published in error, or are otherwise unacceptable due to disregarding specifications or sign-offs approved by the Lottery. The agency will be responsible for the cost of expediting the replacement of any such items.
- F. All records, information, and documentation required of the agency related to performance of the contract must be retained by the agency and available for inspection or audit to the Lottery, its internal and external auditors, the Lottery Commission, and authorized agents of the State of South Dakota, including the Auditor General of South Dakota, for the duration of the contract and any extensions, and for five (5) full years from the expiration date of the contract and any extensions.
- G. The contract will provide that the contract may be terminated by the Executive Director upon 30 days' notice without payment of penalty if the funds necessary for the Lottery to fulfill its obligations under the contract are not appropriated or are insufficient for any other reason; if the Lottery's authority to proceed under the contract is modified, withdrawn or expires; if the agency fails to comply with the terms of the contract or appears to be unable to fulfill its obligations under the contract; and upon six (6) months' notice for any reason.

## **SECTION 13. Lottery Overview**

### **13.1 General Description**

The Lottery markets scratch tickets and lotto games and regulates video lottery to raise revenue for state programs and projects. Since 1987, the Lottery has raised more than \$2.24 billion to help fund education, lower property taxes and develop natural resources. The Lottery is entirely self-funded and does not use any tax dollars for its operation.

The Lottery is a division of the South Dakota Department of Revenue and operates under the oversight of the Lottery Commission. The Lottery Commission is a seven-member governing board appointed by the Governor that establishes lottery policy, reviews and approves major contracts and procurements, and consults on management and operation of all aspects of the Lottery.

The Lottery currently has 31 employees, including administration, accounting, video lottery, security, sales and marketing, and support staff. The Lottery's main office is in Pierre with regional sales and redemption offices in Rapid City and Sioux Falls, and a sales representative's office in Aberdeen.

### **13.2 Lottery Products**

Scratch ticket games are launched periodically throughout the year depending on player demand, game success, and inventory. The Lottery launched 33 new scratch ticket games in fiscal year 2014. Prices for scratch tickets range from \$1 to \$20 with prizes ranging from \$1 to \$400,000, cars, trips, and other merchandise. At the close of fiscal year 2014, there were 614 licensed scratch ticket retailers across the state.

The Lottery currently offers five lotto games. Powerball, Mega Millions, Hot Lotto, and Wild Card 2 are multi-state games. Dakota Cash is exclusive to South Dakota. Ticket prices are \$2 per play in Powerball; \$1 per play in Mega Millions, Hot Lotto, and Dakota Cash; and \$1 for two plays in Wild Card 2. All add-on game features (Power Play for Powerball, Megaplier for Mega Millions, and Sizzler for Hot Lotto) cost an additional \$1 per play. At the close of fiscal year 2014, there were 602 licensed lotto retailers. (NOTE: all lotto retailers are also scratch ticket retailers and are included in the total count of scratch ticket retailers.)

The Lottery regulates and controls the video lottery game activities through licensing procedures for the machines, machine owners/operators and establishments as well as a comprehensive secure central computer system. Revenue from video lottery is calculated on net machine income which is cash-in (sales) minus cash-out (prizes). Net machine income is divided between the state and machine operators on a 50/50 split. In fiscal year 2014, the average number of video lottery establishments was 1,401 and the average number of active video lottery machines was 9,046. Prior to November of 2011, the Lottery did not actively advertise video lottery. Due to

declining revenues following the implementation of the state smoking ban in 2010, a marketing plan has been developed to promote the games.

### 13.3 Recent Instant Game, Lotto and Video Lottery Revenue History

Here are the instant ticket and lotto game sales and state’s share of video lottery net machine income (NMI) for the last five fiscal years:

<b>Fiscal Year</b>	<b>Instant Ticket Sales</b>	<b>Lotto Ticket Sales</b>	<b>State’s Share (NMI)</b>
2010	\$20,151,392	\$25,392,506	\$107,728,412
2011	\$22,220,512	\$24,950,957	\$95,884,814
2012	\$24,772,392	\$28,365,084	\$88,322,065
2013	\$25,298,065	\$32,048,317	\$91,693,935
2014	\$25,517,805	\$28,580,432	\$91,941,457

### 13.4 Current Advertising Overview

Current common advertising/marketing methods include: point of sale items such as posters, wobblers, glass clings, crash bar stickers, floor stickers, and ceiling cards; television, radio, and print advertisements; email messaging to the Lottery’s Players Club; Facebook advertisements and promotions; Twitter and YouTube posts; website advertisements; digital billboards; special event sponsorships; sales promotions; and premium items for retailers and players.

In FY2014, advertising and marketing activities included:

- One (1) brand image campaign
- One (1) beneficiary awareness campaign
- One (1) second chance program launch campaign
- Ten (10) scratch ticket game campaigns
- Two (2) lotto relaunch campaigns
- One (1) video lottery brand awareness campaign
- One (1) responsible gambling campaign
- Two (2) winner awareness campaigns
- Six (6) lotto jackpot alert campaigns

Included in the activities listed above, the Lottery produced 10 TV ads, 36 radio ads, 2 print ads, 23 various point of sale items, 5 website advertisements, 2 social media advertisements, and 2 event banners.

### 13.5 Advertising Budget and Recent Expenditure History

The Lottery’s budget for scratch, lotto and video lottery game operations, including advertising and marketing, is set annually by the Lottery Commission.

While this budget includes those items listed in 13.4, it also includes marketing efforts in which the Lottery's advertising agency may not be directly involved including corporate communications materials, promotional items, sponsorships, and promotional events.

Here are the total advertising and marketing expenditures for the last five fiscal years:

<b>Fiscal Year</b>	<b>Advertising Expenditures</b>
2010	\$532,256
2011	\$477,520
2012	\$506,551
2013	\$665,557
2014	\$663,689