

DEPARTMENT OF TOURISM
STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

AGREEMENT made and entered into this 25th day of July, 2011 by and between the Department of Tourism, a state agency, of 711 E. Wells Ave., Pierre, SD 57501, (the "State") and Lawrence & Schiller Advertising of 3932 S. Willow, Sioux Falls, SD 57105 (the "Consultant").

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

Amend Section 1 to read as follows:

1. The State will provide services as outlined in the Work Plan, attached hereto as Exhibit A and by this reference incorporated herein. Exhibit A is an estimated annual budget for year three of a three year contract as the result of RFP#24650.

The State and Consultant agree that any and all communications (verbal and written) relating to marketing plans, media placements, creative concepts, slogans or other promotional material must be considered private and confidential. Both the State and Consultant agree, that at no time, either during or after the term of this Agreement, will either the State or Consultant disclose this information to any persons(s) whatsoever, except with the prior written consent of the other party. Upon the termination of this Agreement, all documents, papers and other materials associated with the projects outlined in this Agreement will be returned to their respective owners.

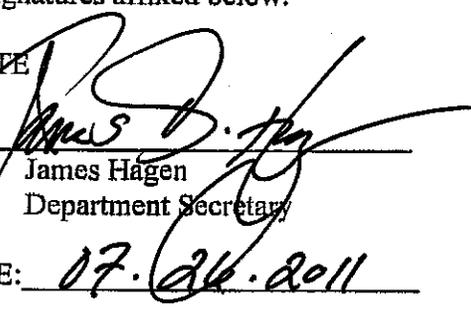
Amend Section 4 to read as follows:

4. The State will make payment for services upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$7,553,200.00. Payment will be made by the State pursuant to a signed state voucher and upon receipt of a detailed invoice by the Consultant.

The Consultant agrees to provide monthly summaries, ad tear sheets and affidavits to the State listing specific services and media purchases and associated fees for that time period. Summaries are due to the State no later than the 12th business day following the last calendar day of the previous month.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

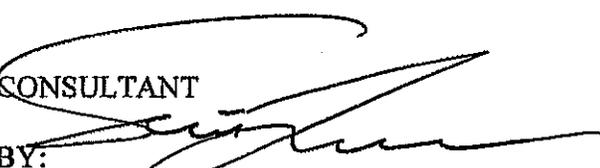
STATE

BY: 

James Hagen
Department Secretary

DATE: 07.26.2011

CONSULTANT

BY: 

Scott Lawrence
President

DATE: 7/25/11

- State Agency Coding (MSA Center): 0420 -
- State Agency MSA Company for which contract will be paid: 3006
- Object/subobject MSA account to which voucher will be coded: 52041100
- Name and phone number of contact person in State Agency who can provide additional information regarding this contract: James Hagen, (605) 773-3301.

Exhibit A

Marketing Budget Overview

Giant Step	\$2,157,398
Media	\$2,369,987
Coops	\$1,500,000
Total media spend	\$6,027,693
Research	\$93,880
Web	\$111,735
Public Relations	\$67,500
Production	\$739,500
Promotions	\$95,000
Industry Campaign/Conference	\$30,000
Great Getaways	\$135,000
Total Budget	\$7,300,000
(To be determined depending upon revenue receipts.)	\$253,200
Grand Total	\$7,553,200

Media Commissions are 10.1% and 13.1% for broadcast and print respectively.

Most media vendors pay agencies some of their sales commissions assuming it is easier for these companies to work with a reputable agency than to sell to individual clients directly. The typical agency commission is 15% given to an established agency. This commission is paid by the client to the agency in order to cover their expenses as related to the planning, placement, processing and payment of the media schedule.

A breakout of typical expenses covered by media commissions are:

1. Staff

Most agency employees are billed to clients on an hourly rate. Media Strategists, Media Coordinators, and Traffic Coordinators with media dedicated time are not billed at an hourly rate, but covered under the commissions from the media plans that are approved and placed on behalf of the client. Also covered by the media commission is time spent on learning the latest trends, keeping up with changes in the industry, researching and planning for clients, negotiating rates, contracting schedules, coordinating promotions, auditing all media after it runs for accuracy, post-buy analysis and reporting, as well as billing and payment of the invoices to each vendor.

2. Research materials

Many of the materials needed for planning, negotiating, and post analysis reporting are purchased through third party vendors and industries. These materials include

- Nielsen ratings
- Arbitron Ratings
- SQAD reports
- SRDS Directories
- Subscriptions to services

DEPARTMENT OF TOURISM & STATE DEVELOPMENT
STATE OF SOUTH DAKOTA
CONSULTING CONTRACT
AMMENDMENT

AGREEMENT made and entered into this 24th day of June, 2011 by and between the Department of Tourism & State Development, a state agency, of 711 E. Wells Ave., Pierre, SD 57501, (the "State") and Lawrence & Schiller Advertising of 3932 S. Willow, Sioux Falls, SD 57105 (the "Consultant").

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

Amend Section 4 to read as follows:

4. The State will make payment for services upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$7,714,274.00. Payment will be made by the State pursuant to a signed state voucher and upon receipt of a detailed invoice by the Consultant:

The Consultant agrees to provide monthly summaries, ad tear sheets and affidavits to the State listing specific services and media purchases and associated fees for that time period. Summaries are due to the State no later than the 12th business day following the last calendar day of the previous month.

In Witness Whereof, the parties signify that all other sections of this agreement remains the same.

STATE

CONSULTANT

BY: Maureen Lewis Anbehelf
James Hagen
Department Secretary
of Tourism

BY: [Signature]
Scott Lawrence
President

DATE: 6/11

DATE: _____

- State Agency Coding (MSA Center): 0420-0016
- State Agency MSA Company for which contract will be paid: 3006
- Object/subobject MSA account to which voucher will be coded: 52041100
- Name and phone number of contact person in State Agency who can provide additional information regarding this contract: James Hagen, (605) 773-3301.

Exhibit A

Marketing Budget Overview

Giant Step	\$2,157,700
Media	\$2,519,334
Coops	\$1,648,000
Total media spend	\$6,325,033
Research	\$173,440
Web	\$238,800
Public Relations	\$67,500
Production	\$594,500
Promotions	\$150,000
Industry Campaign/Conference	\$30,000
Great Getaways	\$135,000
Total Budget	\$7,714,274

DEPARTMENT OF TOURISM & STATE DEVELOPMENT
STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

AGREEMENT made and entered into this 25th day of June, 2010 by and between the Department of Tourism & State Development, a state agency, of 711 E. Wells Ave., Pierre, SD 57501, (the "State") and Lawrence & Schiller Advertising of 3932 S. Willow, Sioux Falls, SD 57105 (the "Consultant").

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

Amend Section 1 to read as follows:

1. The Consultant will provide services as outlined in the Work Plan, attached hereto as Exhibit A and by this reference incorporated herein. Exhibit A is an estimated annual budget for year two of a three year contract as the result of RFP #24650.

The State and Consultant agree that any and all communications (verbal and written) relating to marketing plans, media placements, creative concepts, slogans or other promotional material must be considered private and confidential. Both the State and Consultant agree, that at no time, either during or after the term of this Agreement, will either the State or Consultant disclose this information to any person(s) whatsoever, except with the prior written consent of the other party. Upon the termination of this Agreement, all documents, papers and other materials associated with the projects outlined in this Agreement will be returned to their respective owners.

Amend Section 4 to read as follows:

4. The State will make payment for services upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$7,553,200.00. Payment will be made by the State pursuant to a signed state voucher and upon receipt of a detailed invoice by the Consultant:

The Consultant agrees to provide monthly summaries, ad tear sheets and affidavits to the State listing specific services and media purchases and associated fees for that time period. Summaries are due to the State no later than the 12th business day following the last calendar day of the previous month.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

STATE

BY:


Richard Benda
Department Secretary

CONSULTANT

BY:


Scott Lawrence
President

Exhibit A

Marketing Budget Overview

Giant Step	\$2,157,700
Media	\$2,460,300
Coops	\$1,571,000
Total media spend	\$6,189,000
Research	\$148,400
Web	\$238,800
Public Relations	\$67,500
Production	\$594,500
Promotions	\$150,000
Industry Campaign/Conference	\$30,000
Great Getaways	\$135,000
Total Budget	\$7,553,200

Media Commissions are 10.1% and 13.1% for broadcast and print respectively.

Most media vendors pay agencies some of their sales commissions assuming it is easier for these companies to work with a reputable agency than to sell to individual clients directly. The typical agency commission is 15% given to an established agency. This commission is paid by the client to the agency in order to cover their expenses as related to the planning, placement, processing and payment of the media schedule.

A breakout of typical expenses covered by media commissions are:

1. Staff

Most agency employees are billed to clients on an hourly rate. Media Strategists, Media Coordinators, and Traffic Coordinators with media dedicated time are not billed at an hourly rate, but covered under the commissions from the media plans that are approved and placed on behalf of the client. Also covered by the media commission is time is spent on learning the latest trends, keeping up with changes in the industry, researching and planning for clients, negotiating rates, contracting schedules, coordinating promotions, auditing all media after it runs for accuracy, post-buy analysis and reporting, as well as billing and payment of the invoices to each vendor.

2. Research materials

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- Nielsen ratings
- Arbitron Ratings
- SQAD reports
- SRDS Directories
- Subscriptions to services

In compliance with HB 1260 (SDCL 5-18-55 through 5-18-62), the attached contract with Lawrence & Schiller Advertising is the result of Request For Proposal #24650.

DEPARTMENT OF TOURISM & STATE DEVELOPMENT
STATE OF SOUTH DAKOTA
CONSULTING CONTRACT

AGREEMENT made and entered into this 24th day of September 2009 by and between Department of Tourism & State Development, a state agency, of 711 E. Wells Ave., Pierre, SD 57501, (the "State") and Lawrence & Schiller Advertising of 3932 S. Willow, Sioux Falls, SD 57105 (the "Consultant").

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

1. The Consultant will provide services as requested in RFP#24650 and as outlined in the Work Plan, attached hereto as Exhibit A and by this reference incorporated herein. Exhibit A is an estimated annual budget for year one of a three year contract as the result of RFP #24650. The Consultant's response to the request for proposal and Scope of Work (Exhibit B) is considered part of this contract.

The State and Consultant agree that any and all communications (verbal and written) relating to marketing plans, media placements, creative concepts, slogans or other promotional material must be considered private and confidential. Both the State and Consultant agree, that at no time, either during or after the term of this Agreement, will either the State or Consultant disclose this information to any person(s) whatsoever, except with the prior written consent of the other party. Upon the termination of this Agreement, all documents, papers and other materials associated with the projects outlined in this Agreement will be returned to their respective owners.

2. The Consultant's services under this three year agreement shall commence on September 24, 2009 and end on November 30, 2012, unless sooner terminated pursuant to the terms hereof. The State shall have the option to renew the agreement under the same terms and conditions, for one (1) year intervals. Notice of intent to renew shall be given by the State to the Contractor as mutually agreed upon prior to the end of the current contract term. If the notice of intent to renew is given, the Agreement shall renew unless terminated by either party pursuant to the Termination Provision of the Agreement.

3. The Consultant will not use State equipment, supplies or facilities.

4. The State will make payment for services upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$7,317,192.00. Payment will be made by the State pursuant to a signed state voucher and upon receipt of a detailed invoice by the Consultant:

The Consultant agrees to provide monthly summaries, ad tearsheets and affidavits to State listing specific services, media purchases and associated fees for that time period. Summaries are due to the State no later than the 12th business day following the last calendar day of the previous month.

5. The Consultant 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 Consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.

6. The Consultant, at all times during the term of this Agreement, shall obtain and maintain in force applicable insurance coverage of the types as follows:

A. **Commercial General Liability Insurance:** The Consultant shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

B. **Business Automobile Liability Insurance:** The Consultant shall maintain business automobile liability insurance or equivalent form with a limit of not less than \$1,000,000 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

C. **Worker's Compensation Insurance:** The Consultant shall procure and maintain workers' compensation and employers' insurance as required by South Dakota law.

The Consultant shall furnish copies of insurance policies if requested by the State.

7. While performing services hereunder, the Consultant is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

8. Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of third parties, or which may otherwise subject Consultant or the State to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Consultant'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 State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

9. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Consultant at the time of termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Consultant it is determined that Consultant was not at fault, then the Consultant shall be paid for eligible services rendered and expenses incurred up to the date of termination.

10. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

13. The Consultant will 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.

14. The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Consultant 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.

15. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to Melissa Bump on behalf of the State, and by Scott Lawrence, on behalf of the Consultant, 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.

16. 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 hereof.

17. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

STATE

BY:



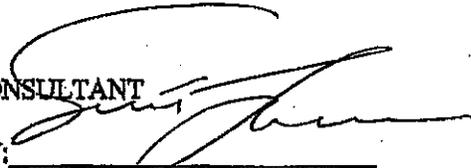
Richard Benda
Department Secretary

DATE:

9-30-09

CONSULTANT

BY:


Scott Lawrence
President

DATE:

10/5/09

- State Agency Coding (MSA Center): 0420
- State Agency MSA Company for which contract will be paid: 3006
- Object/subobject MSA account to which voucher will be coded: 52041100
- Name and phone number of contact person in State Agency who can provide additional information regarding this contract: Melissa Bump, (605) 773-3301.

Exhibit A

Marketing Budget Overview

Giant Step	\$2,141,332
Media	\$2,376,660
Coops	\$1,168,200
Total media spend	\$5,686,192
Research	\$200,000
Web	\$370,000
Public Relations	\$100,000
Production	\$692,000
Promotions	\$100,000
Industry Campaign	\$20,000
Tourism Conference	\$10,000
Great Getaways	\$139,000
Total Budget	\$7,317,192

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- Subscriptions to services

3 SCOPE OF WORK

DTSD is responsible for marketing the State of South Dakota as a top vacation destination for both domestic and international travelers. DTSD works closely with the visitor industry to strategically align the state as a premier destination through cooperative marketing plans and integrated media buys. Any agency interested in responding with a proposal should emphasize how they propose to achieve each of the following goals.

Double Visitor Spending from \$600 Million to \$1.2 Billion by 2010

1A. Change the way we market South Dakota

- Identify and target niche markets, with emphasis on emerging markets, including international
- Target advertising to specific audiences
- Place an emphasis on destination packaging and call for sales versus call for inquiries
- Educate industry people on what today's visitors want and expect; establish best practices and communicate through regular updates

1B. Focus new energy and investment on expanding the fall shoulder season for visitors in order to increase the percentage of tourism revenues.

- Invest in promotions to expand the shoulder season
- Attract "reverse snowbirds"

1C. Expand investment in tourism's peak season through greater use of partnerships and cooperative efforts

- Establish partnerships to pool resources
- Develop coordinated marketing plans
- Continue Governor's \$1 million challenge

1D. Develop a statewide reservation system

- Work with visitor industry
- Make it easy for visitors to purchase packages and make travel arrangements

1E. Capitalize on the existing outdoor opportunities in our state

- Develop greater recreational opportunities along the state- and Corps-owned land along the Missouri River
- Recognize the effect of camping, hunting and fishing opportunities on our quality of life
- Improve access, signage and mapping of the state's trail ride opportunities and biking and hiking trails

3.1 Advertising – DTSD's annual media expenditures range from \$5 to 6.5 million. Agency services include, but are not limited to:

- 3.1.0 Scheduling and planning of comprehensive media schedules which are comprised of television, radio, Internet marketing, email marketing, newspapers, direct mail and other miscellaneous communication channels. The agency will also be required to deliver presentations, as needed, to communicate and develop DTSD's partner media schedules and plans as a part of the overall advertising effort and media buys.
- 3.1.1 Branding - DTSD's branding has become well established and maintains a good recall percentage from consumers. The agency will be required to maintain and further enhance this branding strategy through creative images, music, messaging and design elements. This branding will also need to remain consistent throughout the separate seasonal campaigns which DTSD refers to as Peak, Shoulder and Winter. The agency will also need to develop a cohesive strategy for other cooperative partners. This branding effort must maintain each partner's individual branding while still supporting DTSD's overall branding elements.
- 3.1.3 Negotiating media costs - agency will be expected to keep costs per impression competitive. Many times, this is accomplished through purchasing large volumes of media placements which allows for negotiating and value adds offered by the media outlet.
- 3.1.4 The agency will be responsible for the majority of the production for advertising materials. These materials must meet all standards required by the media outlet which includes, but is not limited to: email, Internet, USPS, radio stations, television networks, cable networks, newspapers and major Internet search engines. The agency will be required to research, plan and produce presentations which may include script writing and on-site technical assistance.
- 3.1.5 Develop South Dakota travel advertisements. This requires an agency film crew to travel to designated areas in the state to set up and shoot high quality film. Professional studio work and sound technicians will also be needed to produce the advertisements.

3.2 Interactive Services/Web Development - DTSD relies heavily on its interactive advertising to reach the largest segment of its audience. The estimated annual expenditures for Interactive Services and Web Development are \$300,000 – \$500,000. Banner advertising and paid search are included in the overall media buy in section 3-1.

- 3.2.0 Provide development of email templates, copywriting, programming and list management through a chosen email vendor. Agency will be required to develop an integrated email customer relationship management campaign that encompasses dynamic messaging techniques based on user actions.
- 3.2.1 Provide technical programming and support at a minimum of five different websites. This programming may involve some advanced programming techniques and may also require site redesigns. Agency will also be assisting with several promotional landing pages and content updates. Programmers should have capability to work in several different HTML languages and have expertise in search engine optimization. Agency must provide a strong understanding of booking engine technology and experience with the integration and implementation process between booking engines on several sites.
- 3.2.2 Manage paid search buys on all of the major search engines. This includes management of the allotted pay-per-click budget, distribution of keywords between partners to ensure Web traffic remains equitable, and revising the descriptions and keyword categories based on response and season.

creative
services for the
advertising
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- 3.2.3 Research and recommend new interactive technologies, strategies and services. This includes email marketing, on-site technologies and social media.
- 3.2.4 Provide Web analytic reporting that includes cross linking and traffic conversions from several different campaign efforts, geographic comparisons and year-over-year comparisons.
- 3.2.5 Manage comprehensive banner ad strategy. This includes serving multiple creative elements that can be interchanged, as needed, to optimize the buy. The agency will be expected to work and contract directly with the media vendors and hold them accountable to agreed upon impressions, click-through rates and conversions. Monthly reporting of each of the indicators listed above will be provided.
- 3.2.6 Agency will be required to provide a shared hosting server for DTSD's primary consumer and marketing site TravelSD.com. The hosting service can be outsourced, but the agency will need to provide all company information as disclosed in section 4.1.3. The hosting must meet all standard requirements:
 - o Expandable bandwidth up to 1 GB
 - o Testing/Development site
 - o 99.99% uptime
 - o Microsoft server – 2003 or newer
 - o SQL server – 2000
 - o ASP.net source code
 - o Database backups with off-site storage
 - o Managed hosting services
 - o 24/7 physical lock down and equipment monitoring
 - o Internal alarm system
 - o Diesel and battery backup to equipment and building
 - o Dual, dedicated HVAC units within datacenter
 - o FM200 fire suppression
 - o Multi-homed, self healing Internet connectivity to the datacenter from AT&T, Sprint and UUNET.
 - o Diverse routing of fiber optic with multiple building entrance points.

3.3 Industry Communication/Cooperative Marketing Programs – One of DTSD's primary goals is to increase partnerships and cooperative marketing efforts with the visitor industry. As such, the agency must have direct participation in this effort and will be expected to provide strategies that support this goal. The estimated annual expenditures for industry communications are \$20,000 - \$30,000.

- 3.3.0 Produce and present media schedules, marketing presentations and cohesive marketing strategies to industry partners.
- 3.3.1 Assist in the training, development and communication of cooperative programs available to the visitor industry.
- 3.3.2 Develop new ideas, strategies and materials to further enhance the number of cooperative partnerships and expand the awareness of the marketing programs.
- 3.3.3 Develop industry training videos, print materials, promotional videos and copywriting.
- 3.3.4 Develop and present marketing plans and campaign results and propose new ideas to the Governor's Tourism Advisory Board six times annually.

- 3.4 Education/Training** - DTSD attends seminars that focus on industry trends, travel planning, information delivery, marketing activities, etc. Agency responsibilities include:
- 3.4.0 Send the appropriate representative (at the expense of the agency) to each of the Travel Industry Association of America's two educational seminars – Education Seminars for Tourism Organizations (ESTO) held annually in August and the Marketing Outlook Forum held annually in October.
 - 3.4.1 Send at least one agency representative (at the expense of the agency) to a trade conference that focuses on e-commerce, media and public relations, and/or marketing research. The event and representative will be jointly agreed upon.
- 3.5 Marketing Research** – Research is crucial to all marketing efforts and must be the primary driver for all decision making when it pertains to marketing and evaluation of campaigns. Estimated annual expenditures range from \$300,000 - \$500,000.
- 3.5.1 Recommend, coordinate, plan and conduct research projects including focus groups, written/electronic surveys and other research methods. Tabulate data, analyze and present conclusions.
 - 3.5.2 Implement a Visitor Relationship Management strategy that encompasses consumer response, consumer interests, demographics and geo-targeting. This strategy should also work directly with DTSD's dynamic email campaign, direct mail efforts and fulfillment of publications.
 - 3.5.3 Deploy surveys through various methods which include on-site surveys and in-person interviews. Data collection and analysis should deliver primary objectives of the study. Use of call centers may be required, depending on the sample size required and scope of the project.
 - 3.5.4 Agency may be asked to conduct focus groups to gather consumer insights and travel preferences and to test ad design and messaging. Focus groups will be conducted every other year or when considering a new market or when significant ad design changes have been implemented.
 - 3.5.5 Plan, develop and implement research efforts that evaluate the profile and demographics of the South Dakota traveler and audience. Several methods may be used, including establishing a partnership with a database marketing vendor, surveys, online panels and focus groups.
 - 3.5.6 Conduct testing of creative and messaging prior to the campaign to evaluate performance and overall effectiveness of the ads. Several design mockups must be tested and scored prior to campaign start date.
- 3.6 Creative Services** - The selected agency must be able to supply turn-key creative services to DTSD. The estimated annual expenditures for production are included in section 3-1. These services must include, but are not limited to:
- 3.6.0 Planning, consultation and presenting creative options to DTSD in both electronic and printed mockups as they pertain to each project.
 - 3.6.1 Editorial services and copywriting;
 - 3.6.2 Fact-checking, proofreading and editing of all collateral materials before first routing to client; and

3.6.3 Revision of content as needed to appear across multiple platforms, including cooperative programs, adjusted as appropriate for the medium.

3.6.1 Design & graphics services

3.6.1.1 Creation and implementation of original creative, designs, artwork, templates and related elements that present a consistent brand as mutually developed with DTSD;

3.6.1.2 Layout and design of agreed to media;

3.6.1.3 Cartography services for all maps when present;

3.6.1.4 Typography (including procurement of fonts as determined necessary by project);

3.6.1.5 Illustrations; and

3.6.1.6 Photography to complement agreed upon key promotions and design direction.

3.7 Public Relations – Estimated annual expenditures range from \$150,000 – \$350,000.

3.7.1 Provide media relations work, including press releases, media alerts, story pitches, media research, media training for new staff, and media blitz coordination in target markets when necessary. The Agency must provide development of key messages and speaking points for the Tourism Director, PR Team, Deputy Director and other key personnel as requested.

3.7.2 Assist in maintaining content for an online newsroom.

3.7.3 Development and production of multi-media press releases.

3.7.4 Expand opportunities for user-generated content in conjunction with an existing social media campaign. This campaign includes but is not limited to: Twitter, Facebook, two blogs, YouTube and Flickr.

3.7.5 Assist PR Team in planning, developing and implementing a public relations strategy.

3.8 Accounting

3.8.1 The agency must prepare and submit monthly summaries. The summary should show all amounts for media, production, creative services and fees that have been approved by DTSD, billed by the agency, and the balance due. The agency will bill cooperative partners separately but include those amounts in the summary.

3.8.2 All proof of advertising must be represented. Typical proof of performance includes affidavits and copies of publications, screen shots and similar verification that media placement was fulfilled. This proof can be provided at the end of the campaign but prior to final payment of contract.

3.8.3 Agency must have the financial capacity to contract and purchase media without advance payment by DTSD. In some cases, these media contracts can exceed \$1 – 2 million dollars.

3 SCOPE OF WORK

DTSD is responsible for marketing the State of South Dakota as a top vacation destination for both domestic and international travelers. DTSD works closely with the visitor industry to strategically align the state as a premier destination through cooperative marketing plans and integrated media buys. Any agency interested in responding with a proposal should emphasize how they propose to achieve each of the following goals.

Double Visitor Spending from \$600 Million to \$1.2 Billion by 2010

1A. Change the way we market South Dakota

- Identify and target niche markets, with emphasis on emerging markets, including international
- Target advertising to specific audiences
- Place an emphasis on destination packaging and call for sales versus call for inquiries
- Educate industry people on what today's visitors want and expect; establish best practices and communicate through regular updates

1B. Focus new energy and investment on expanding the fall shoulder season for visitors in order to increase the percentage of tourism revenues.

- Invest in promotions to expand the shoulder season
- Attract "reverse snowbirds"

1C. Expand investment in tourism's peak season through greater use of partnerships and cooperative efforts

- Establish partnerships to pool resources
- Develop coordinated marketing plans
- Continue Governor's \$1 million challenge

1D. Develop a statewide reservation system

- Work with visitor industry
- Make it easy for visitors to purchase packages and make travel arrangements

1 E. Capitalize on the existing outdoor opportunities in our state

- Develop greater recreational opportunities along the state- and Corps-owned land along the Missouri River
- Recognize the effect of camping, hunting and fishing opportunities on our quality of life
- Improve access, signage and mapping of the state's trail ride opportunities and biking and hiking trails

3.1 Advertising – DTSD's annual media expenditures range from \$5 to 6.5 million. Agency services include, but are not limited to:

- 3.1.0 Scheduling and planning of comprehensive media schedules which are comprised of television, radio, Internet marketing, email marketing, newspapers, direct mail and other miscellaneous communication channels. The agency will also be required to deliver presentations, as needed, to communicate and develop DTSD's partner media schedules and plans as a part of the overall advertising effort and media buys.
- 3.1.1 Branding - DTSD's branding has become well established and maintains a good recall percentage from consumers. The agency will be required to maintain and further enhance this branding strategy through creative images, music, messaging and design elements. This branding will also need to remain consistent throughout the separate seasonal campaigns which DTSD refers to as Peak, Shoulder and Winter. The agency will also need to develop a cohesive strategy for other cooperative partners. This branding effort must maintain each partner's individual branding while still supporting DTSD's overall branding elements.
- 3.1.3 Negotiating media costs - agency will be expected to keep costs per impression competitive. Many times, this is accomplished through purchasing large volumes of media placements which allows for negotiating and value adds offered by the media outlet.
- 3.1.4 The agency will be responsible for the majority of the production for advertising materials. These materials must meet all standards required by the media outlet which includes, but is not limited to: email, Internet, USPS, radio stations, television networks, cable networks, newspapers and major Internet search engines. The agency will be required to research, plan and produce presentations which may include script writing and on-site technical assistance.
- 3.1.5 Develop South Dakota travel advertisements. This requires an agency film crew to travel to designated areas in the state to set up and shoot high quality film. Professional studio work and sound technicians will also be needed to produce the advertisements.

3.2 Interactive Services/Web Development - DTSD relies heavily on its interactive advertising to reach the largest segment of its audience. The estimated annual expenditures for Interactive Services and Web Development are \$300,000 – \$500,000. Banner advertising and paid search are included in the overall media buy in section 3-1.

- 3.2.0 Provide development of email templates, copywriting, programming and list management through a chosen email vendor. Agency will be required to develop an integrated email customer relationship management campaign that encompasses dynamic messaging techniques based on user actions.
- 3.2.1 Provide technical programming and support at a minimum of five different websites. This programming may involve some advanced programming techniques and may also require site redesigns. Agency will also be assisting with several promotional landing pages and content updates. Programmers should have capability to work in several different HTML languages and have expertise in search engine optimization. Agency must provide a strong understanding of booking engine technology and experience with the integration and implementation process between booking engines on several sites.
- 3.2.2 Manage paid search buys on all of the major search engines. This includes management of the allotted pay-per-click budget, distribution of keywords between partners to ensure Web traffic remains equitable, and revising the descriptions and keyword categories based on response and season.

- 3.2.3 Research and recommend new interactive technologies, strategies and services. This includes email marketing, on-site technologies and social media.
- 3.2.4 Provide Web analytic reporting that includes cross linking and traffic conversions from several different campaign efforts, geographic comparisons and year-over-year comparisons.
- 3.2.5 Manage comprehensive banner ad strategy. This includes serving multiple creative elements that can be interchanged, as needed, to optimize the buy. The agency will be expected to work and contract directly with the media vendors and hold them accountable to agreed upon impressions, click-through rates and conversions. Monthly reporting of each of the indicators listed above will be provided.
- 3.2.6 Agency will be required to provide a shared hosting server for DTSD's primary consumer and marketing site TravelSD.com. The hosting service can be outsourced, but the agency will need to provide all company information as disclosed in section 4.1.3. The hosting must meet all standard requirements:
 - o Expandable bandwidth up to 1 GB
 - o Testing/Development site
 - o 99.99% uptime
 - o Microsoft server – 2003 or newer
 - o SQL server – 2000
 - o ASP.net source code
 - o Database backups with off-site storage
 - o Managed hosting services
 - o 24/7 physical lock down and equipment monitoring
 - o Internal alarm system
 - o Diesel and battery backup to equipment and building
 - o Dual, dedicated HVAC units within datacenter
 - o FM200 fire suppression
 - o Multi-homed, self healing Internet connectivity to the datacenter from AT&T, Sprint and UUNET.
 - o Diverse routing of fiber optic with multiple building entrance points.

3.3 Industry Communication/Cooperative Marketing Programs – One of DTSD's primary goals is to increase partnerships and cooperative marketing efforts with the visitor industry. As such, the agency must have direct participation in this effort and will be expected to provide strategies that support this goal. The estimated annual expenditures for industry communications are \$20,000 - \$30,000.

- 3.3.0 Produce and present media schedules, marketing presentations and cohesive marketing strategies to industry partners.
- 3.3.1 Assist in the training, development and communication of cooperative programs available to the visitor industry.
- 3.3.2 Develop new ideas, strategies and materials to further enhance the number of cooperative partnerships and expand the awareness of the marketing programs.
- 3.3.3 Develop industry training videos, print materials, promotional videos and copywriting.
- 3.3.4 Develop and present marketing plans and campaign results and propose new ideas to the Governor's Tourism Advisory Board six times annually.

- 3.4 Education/Training** - DTSD attends seminars that focus on industry trends, travel planning, information delivery, marketing activities, etc. Agency responsibilities include:
- 3.4.0 Send the appropriate representative (at the expense of the agency) to each of the Travel Industry Association of America's two educational seminars – Education Seminars for Tourism Organizations (ESTO) held annually in August and the Marketing Outlook Forum held annually in October.
 - 3.4.1 Send at least one agency representative (at the expense of the agency) to a trade conference that focuses on e-commerce, media and public relations, and/or marketing research. The event and representative will be jointly agreed upon.
- 3.5 Marketing Research** – Research is crucial to all marketing efforts and must be the primary driver for all decision making when it pertains to marketing and evaluation of campaigns. Estimated annual expenditures range from \$300,000 - \$500,000.
- 3.5.1 Recommend, coordinate, plan and conduct research projects including focus groups, written/electronic surveys and other research methods. Tabulate data, analyze and present conclusions.
 - 3.5.2 Implement a Visitor Relationship Management strategy that encompasses consumer response, consumer interests, demographics and geo-targeting. This strategy should also work directly with DTSD's dynamic email campaign, direct mail efforts and fulfillment of publications.
 - 3.5.3 Deploy surveys through various methods which include on-site surveys and in-person interviews. Data collection and analysis should deliver primary objectives of the study. Use of call centers may be required, depending on the sample size required and scope of the project.
 - 3.5.4 Agency may be asked to conduct focus groups to gather consumer insights and travel preferences and to test ad design and messaging. Focus groups will be conducted every other year or when considering a new market or when significant ad design changes have been implemented.
 - 3.5.5 Plan, develop and implement research efforts that evaluate the profile and demographics of the South Dakota traveler and audience. Several methods may be used, including establishing a partnership with a database marketing vendor, surveys, online panels and focus groups.
 - 3.5.6 Conduct testing of creative and messaging prior to the campaign to evaluate performance and overall effectiveness of the ads. Several design mockups must be tested and scored prior to campaign start date.
- 3.6 Creative Services** - The selected agency must be able to supply turn-key creative services to DTSD. The estimated annual expenditures for production are included in section 3-1. These services must include, but are not limited to:
- 3.6.0 Planning, consultation and presenting creative options to DTSD in both electronic and printed mockups as they pertain to each project.
 - 3.6.1 Editorial services and copywriting;
 - 3.6.2 Fact-checking, proofreading and editing of all collateral materials before first routing to client; and

3.6.3 Revision of content as needed to appear across multiple platforms, including cooperative programs, adjusted as appropriate for the medium.

3.6.1 Design & graphics services

3.6.1.1 Creation and implementation of original creative, designs, artwork, templates and related elements that present a consistent brand as mutually developed with DTSD;

3.6.1.2 Layout and design of agreed to media;

3.6.1.3 Cartography services for all maps when present;

3.6.1.4 Typography (including procurement of fonts as determined necessary by project);

3.6.1.5 Illustrations; and

3.6.1.6 Photography to complement agreed upon key promotions and design direction.

3.7 Public Relations – Estimated annual expenditures range from \$150,000 – \$350,000.

3.7.1 Provide media relations work, including press releases, media alerts, story pitches, media research, media training for new staff, and media blitz coordination in target markets when necessary. The Agency must provide development of key messages and speaking points for the Tourism Director, PR Team, Deputy Director and other key personnel as requested.

3.7.2 Assist in maintaining content for an online newsroom.

3.7.3 Development and production of multi-media press releases.

3.7.4 Expand opportunities for user-generated content in conjunction with an existing social media campaign. This campaign includes but is not limited to: Twitter, Facebook, two blogs, YouTube and Flickr.

3.7.5 Assist PR Team in planning, developing and implementing a public relations strategy.

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3.8.1 The agency must prepare and submit monthly summaries. The summary should show all amounts for media, production, creative services and fees that have been approved by DTSD, billed by the agency, and the balance due. The agency will bill cooperative partners separately but include those amounts in the summary.

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5.2.1 RFP FORM

STATE OF SOUTH DAKOTA
SD DEPARTMENT OF TOURISM & STATE DEVELOPMENT
PIERRE, SOUTH DAKOTA 57501

MARKETING AND ADVERTISING SERVICES

RFP # 24650

Proposals are due no later than July 17, 2009; 5:00PM CST

READ CAREFULLY

FIRM NAME: Lawrence & Schiller AUTHORIZED SIGNATURE: 

ADDRESS: 3932 S. Willow Ave TYPE OR PRINT NAME: Scott Lawrence

CITY/STATE: Sioux Falls, SD TELEPHONE NO: 605.338.8000

ZIP (9 DIGIT): 57105-6234 FAX NO: 605.338.8892

FEDERAL TAX ID#:  E-MAIL: scott.lawrence@l-s.com

PRIMARY CONTACT INFORMATION

CONTACT NAME: Micah Aberson TELEPHONE NO: 605.338.8000

FAX NO: 605.338.8892 E-MAIL: micah.aberson@l-s.com



5.2.2 EXECUTIVE SUMMARY

At Lawrence & Schiller, we adhere to three words in all that we do: passionate, relentless and impactful. Our commitment to all of our clients is threefold. We will not rest until the job is finished. We will not sleep until it's done right. We will not consider any campaign successful until it meets a defined set of goals.

The following proposal demonstrates how we work and how we will work for you. Our philosophy is one of collaboration with clients, wanting you to be deeply engaged in the process and the solutions. We have a history of great relationships and success in the region and with the state of South Dakota.

While there's no such thing as a "typical" Lawrence & Schiller approach, we do adhere to a proven philosophy. We have a way of thinking known as "5280." This approach starts with marketing strategies built upon a foundation of research and careful planning. Once the goals of a plan are established, we work with our clients to produce fresh and strategic creative that meets target audience segments where they live, work or play. As a full service agency, Lawrence & Schiller is well prepared to assist the state in every component of all campaigns. Our services include research, strategic planning, art, copy, broadcast, public relations, traditional media, digital media, street team/ grassroots, web development and digital marketing/social media.

Within this RFP response proposal, we will provide you with an understanding of our full scope of capabilities, previous experience and professional expertise. The examples of our work reflect an in-depth understanding of our clients' business needs and goals. We believe that our best work is the result of our drive to be informed, prepared and immersed in our clients' day-to-day world. Since 2003, this is how we have worked and established a collaborative working relationship with the entire DTSD team.

Based on our understanding of your request, we have thoughtfully responded to each area identified within the scope of work. Additionally, we are excited to present innovative concepts for your consideration as you move into the next stage of visitor marketing and positioning South Dakota as a premier vacation destination. Our immersion in the travel industry extends beyond the borders of our state. We understand that the media landscape is quickly evolving into new mediums, audiences and strategies. Our proposal focuses on the most relevant marketing methods for your visitor audiences to ensure South Dakota continues to be a recognized travel destination leader.

If selected as the winning vendor, Lawrence & Schiller understands that all information provided in the RFP response will become public information as described in section 1.1 "Proprietary Information." We request specific sections of the RFP be considered as proprietary and confidential. As directed by the instructions provided in the RFP, the following sections are noted in the response and have been provided separately in a sealed envelope marked proprietary:

- Section 4.3 Financial Statements. Lawrence & Schiller is classified as a private S-Corp. Due to the sensitive nature of the information requested, the information is designated as proprietary.



Lawrence & Schiller requests that the following sections remain confidential until after DTSD considers if the initiatives and strategies described will become a core component of the future marketing strategy. DTSD is considered to be a marketing leader in the industry, and in order to ensure DTSD remains competitive amongst its targeted audiences, Lawrence & Schiller recommends the information remain confidential until implemented or rejected as part of the future strategy.

- o Section 4.17.2 Strategy for Interactive Service/Web Development
- o Section 4.20.3 Strategy for Comprehensive Media and Public Relations Strategy
- o Section 5.2.3.3 Optional Proposed Marketing Strategies

Specific to our media experience, the Lawrence & Schiller media team collectively has more than 40 years of experience planning and buying all types of media. Whether it's search engine marketing, web strategy, outdoor advertising, traditional television and cable advertising or viral tactics, we will develop strategies and execute plans that will produce measurable results.

The L&S team is passionate about the work resulting from our 20+ year DTSD partnership, and we have a strong desire to continue to serve as a strategic partner to the South Dakota Office of Tourism. During our recent tenure, we have enjoyed great success beginning with the launch of the 2010 Initiative and successful campaigns like a revamped Giant Step Program, Twenty Bucks for the Road, the Minneapolis Train Wrap and Cowboys, as well as many others. Most importantly we take pride in our role as a partner in the dynamic growth of South Dakota's tourism industry. L&S is privileged to have been a part of many successful years of robust growth as noted below. We will commit to exceed your expectations and deliver on our promises in all that we do.

2010 INITIATIVE				
VISITOR SPENDING GROWTH				
		Visitor Spending in Dollars	Growth in Millions	Growth Percentage
1984	Lawrence & Schiller	\$205.5 Million		
1985	Lawrence & Schiller	\$229.8 Million	24.3	11.6%
1986	Lawrence & Schiller	\$242.6 Million	12.8	5.5%
1987	Lawrence & Schiller	\$246.0 Million	3.4	1.4%
1988	Lawrence & Schiller	\$271.7 Million	25.7	10.4%
1989	Lawrence & Schiller	\$303.1 Million	31.4	11.5%
1990	Lawrence & Schiller	\$345.0 Million	41.8	13.8%
1991	Lawrence & Schiller	\$381.6 Million	36.6	10.6%
1992	Lawrence & Schiller	\$393.0 Million	11.4	3.0%
1993	Lawrence & Schiller	\$451.8 Million	58.8	15.0%
1994	Lawrence & Schiller	\$493.2 Million	41.0	10.4%
1995		\$493.4 Million	0.2	0.0%
1996		\$506.1 Million	7.7	1.5%
1997		\$514.1 Million	7.0	1.6%
1998		\$586.1 Million	72.0	14.0%
1999		\$594.4 Million	8.3	1.4%
2000		\$625.3 Million	31.0	5.2%
2001		\$601.9 Million	-23.3	-3.7%
2002		\$663.3 Million	61.4	10.2%
2003	Lawrence & Schiller	\$696.2 Million	34.9	5.3%
2004	Lawrence & Schiller	\$752 Million	55.8	7.7%
2005	Lawrence & Schiller	\$809 Million	57.0	7.6%
2006	Lawrence & Schiller	\$865 Million	56.0	6.9%
2007	Lawrence & Schiller	\$941 Million	76.0	8.8%
2008	Lawrence & Schiller	\$967 Million	26.0	2.8%
Average Growth				
9.3%				
Average Growth				
3.78%				
Average Growth				
7.28%				