



Request for Proposal  
Idaho Lottery Research

February 28, 2017

**KEY INFORMATION AND DATES**

**REQUEST FOR PROPOSAL DATE:** March 1, 2017

**WRITTEN PROPOSALS DUE:** March 31, 2017 - 5:00 PM MST

**PROJECT TITLE:** Idaho Lottery Research Proposal

**PROJECT DESCRIPTION:** The Idaho Lottery is looking for a qualified long term research partner(s). The partner(s) will conduct research that will provide insights to create actions that drive sales. We have not identified methodology upfront because we are interested in your research strategy recommendations that will accomplish our research goals. Proposal submissions should provide your recommended top line research methodologies and follow up strategies.

**PROJECT PERIOD:** June 1, 2017 – June 30, 2020\*

**QUESTIONS REGARDING THIS RFP:** Questions should be addressed to:  
Sherie Moody-St.Clair  
sms@lottery.idaho.gov  
by 5:00 pm on March 10, 2017.

**SUBMIT 5 HARD COPIES + 1 ELECTRONIC COPY TO:** Idaho Lottery  
Attn: Sherie Moody-St.Clair  
1199 Shoreline Lane, Ste 100  
Boise, ID 83702  
sms@lottery.idaho.gov

**OPTIONAL PRESENTATION NOTIFICATION DATE:** April 14, 2017 – 5:00 PM MST  
The Idaho Lottery has the right to request presentations by finalists to be notified on this date. Presentation dates TBD, if necessary, in Boise, Idaho.

**FINALIST NOTIFICATION DATE:** May 12, 2017

**FINAL CONTRACT SIGNED BY:** **June 1, 2017**

\*Project period may be adjusted by the Idaho Lottery during negotiations.

## LOTTERY BACKGROUND

### HISTORY

In 1986, by initiative, the people of Idaho voted on the Lottery for the first time. The initiative, which resulted in a 60% favorable vote, was later declared unconstitutional by the Idaho Supreme Court. In 1988 the Idaho Legislature authorized another vote and later that year the Idaho Lottery Act became law when 51% of the voters approved a constitutional amendment repealing the state's constitutional ban on lotteries.

The first ticket was sold on July 19, 1989. Since inception, the Idaho Lottery has sold more than \$1.4 billion in lottery tickets and has provided \$740 million to Idaho public schools and buildings. FY 2017 was a record sales year with over \$230 million in revenue.

### GENERAL INFORMATION

The Idaho Lottery is a self-funded state agency. The Lottery Director is appointed by, and serves at the pleasure of the Idaho Governor. The Lottery Commission is a board that consists of five members who are appointed by the Governor to serve staggered six-year terms.

The mission of the Idaho Lottery is to responsibly provide entertaining games with a high degree of integrity to maximize the dividend for public schools and the permanent building fund.

As a state agency, the Idaho Lottery is subject to most of the same administrative controls as other state agencies, including budgetary controls. The agency is authorized to expend funds in four areas; administration, advertising/promotion, prize expense and retailer commissions. There are spending limitations in some areas. For instance, the Lottery can spend no more than 3.5% of its revenue on advertising/promotion, retailer commissions cannot exceed 6%, no more than 15% can be spent on administration and the Lottery is obligated to pay at least 45% of its revenue out to the players in the form of prizes. Last year our expenditures were 8% to administration, 6% to retailer commissions, 2% advertising/promotion, 65% for prizes to players and 21% to the dividend.

### PRODUCTS OFFERED

#### Draw Games:

The Idaho Lottery currently has 7 draw games. The games are:

- **Powerball** – a multi-jurisdictional game played in 44 states plus the District of Columbia, Puerto Rico, and the Virgin Islands, costs \$2.00, and offers multi-million dollar top prizes starting at \$40 million. Drawings occur on Wednesday and Saturday.
- **Mega Millions** – a multi-jurisdictional game played in 44 states plus the District of Columbia, Puerto Rico, and the Virgin Islands, only costs \$1.00, and offers multi-million dollar top prizes starting at \$15 million. Drawings occur on Thursday and Friday.
- **Hot Lotto** – Hot Lotto is a multi-state all-cash draw game. The jackpot starts at a guaranteed \$1 MILLION and grows each time the jackpot is not won. Hot Lotto Sizzler offers millions of dollars in cash prizes every Wednesday and Saturday.
- **Lucky for Life** – Lucky for Life is a multi-state draw game played in 22 states. The jackpot prize for Lucky for Life is \$1,000 a **DAY**, every day, for the rest of your life! Drawings are Monday and Thursday. Cost is \$2.00.

- **Weekly Grand** – Idaho only game where you could win \$1,000 A WEEK FOR ONE YEAR, all taxes paid! This game has a built in second-chance drawing each month where one player wins \$100/week for one year! Drawings are Wednesday and Saturday.
- **Idaho Cash** – new to the Idaho Lottery as of February 12, this game is played only Idaho. It offers 2 plays for \$1.00, great overall odds and a rolling jackpot that starts at \$20,000. Drawings are Wednesday and Saturday.
- **Pick 3** – the Idaho Lottery’s daily game that offers players options to pick numbers for a day and nightly draw any day of the week. And it’s an Idaho only game. Idaho Pick 3 is unlike any other draw game, in that it does not offer an accumulating jackpot. Prize amounts are set, and are determined by the wager type and wager amount. Players choose three numbers from 0 through 9 and then the wager type. They also select a wager out of five different wager types: exact order, any order, exact/any order, front pair or back pair. The wager amount starts at \$1.00 per play.

### **Scratch Games:**

The Idaho Lottery launches, on average, around 50 scratch games a year, or about one a week. Current Scratch price point offerings are \$1, \$2, \$3, \$5, \$10, \$20 and \$25 with top prizes ranging from \$1,000 to \$300,000.

Last fiscal year, scratch ticket sales made up about 55% of total sales for the Idaho Lottery.

### **InstaPlay:**

The newest product line, InstaPlay, offers players the scratch ticket play without all the latex. These tickets are printed from the Idaho Lottery terminal. The most popular InstaPlay games offer rolling jackpot top prizes.

### **OTHER:**

- **VIP Club** – The Idaho Lottery was the first lottery in the nation to launch a VIP Club. We currently have over 172,000 members. Players earn points for purchases which can then be used for Sweepstakes entries, or to buy purchasable items in the reward zone.
- **Utah Border Play** – Idaho is unique in that it borders a state that does not have a lottery, Utah. 20% of our draw sales come from Utah, 80% from Idaho.
- **Retailers** – The Idaho Lottery has 1,200 retailers in the state of Idaho.
- **Players** – Past research has consistently shown that 50% of the population 18+ plays the lottery.

### **IDAHO LOTTERY FY17 SALES GOALS:**

- **\$236,000,000 in total sales** – flat sales projection as a comparison to last year due to billion-dollar Powerball jackpot in the previous year
- **Achieve a 22% margin or better** – Percentage of return to the state from lottery products sold. Last year we had a 21% margin.

### **IDAHO LOTTERY RESEARCH OBJECTIVES**

After reviewing the current situation and the changing environment, the Idaho Lottery has determined the following objectives:

- Have a long-term plan with connected research partners
- Have multiple resources for getting data quickly
- Have a pulse on our customers and growth opportunities
- Be able to combine research to draw conclusions and drive sales

## POSSIBLE IDAHO LOTTERY RESEARCH NEEDS

*The following list of needs is just a starting point. The Idaho Lottery is looking for out-of-the-box innovative research proposals that will help drive sales and margins.*

**Segmentation Studies** *(If recommended, should only be conducted once in the 3-year contract, this will be to set a baseline for future tracking and measurement.)*

Historically, the Idaho Lottery has conducted segmentation studies to understand the types of player segments and the non-players throughout the state. This insight has been used for targeting, cross-sell, and promotions. Through segmentations studies, we would like understand the segment's demographics, psychographics, opportunities, and weaknesses to inform marketing strategies.

- Objective: Identify key opportunities for growth within player segments, new retail outlets, etc.
  - Player motivations
  - Playstyles and cross-play
  - Segment profiling - demographic and psychographic attributes

### Insight Community

The Idaho Lottery has nearly 172,000 people in our VIP Club database. The connectivity of some of these players could provide real-time insight that can positively impact product testing and development, retailer performance, promotions, marketing and innovations. The community's insight can provide an authentic voice that is invaluable to the growth of the Lottery portfolio and player base.

- Objective: Real-time insight that can enhance products, marketing initiatives, and innovation
  - Product insights/testing
  - Retailer insights
  - Segment insights
  - Ideation/innovation
  - Win/prize analysis

### Tracking Studies

The Idaho Lottery deploys many marketing and sales strategies each year with the objective of growing sales while maintaining a responsible play position in Idaho. To measure success and change, tracking studies are needed for measurement on an ongoing basis.

- Objective: Measure change against a baseline to determine marketing efficacies
  - Re-establish baseline for tracking initiatives
  - Be able to connect the dots to drive sales
  - Measure change
    - Campaign or targeting results
    - Responsible play

## PROPOSAL FORMAT

The following format is required for all proposals. Responses should be concise (no more than 10 pages) and applicable to this RFP.

- A. **Cover Page** - This should identify the project title, bidder name, address, phone number, fax number, email address and name of contact person.
- B. **Background Information** - The bidder should describe:
  - Describe your firm's current qualifications and ability to

effectively conduct the activities proposed in this RFP. Identify assigned personnel and their respective job descriptions. Resumes of proposed team should be included as attachments.

- Describe your firm's experience with client projects that are relevant to this project:
    - State lotteries and/or gaming
    - Consumer behavior/segmentation studies
    - Tracking studies
    - Customer Satisfaction studies
    - Product testing
    - Player insights community
  - Provide references of 2 current or former clients whose research objectives are similar to those of the Idaho Lottery. Include the organization name, address, phone number and contact persons name and email address. This person should be able to provide a description of the services provided and an evaluation of the results. NOTE: The Idaho Lottery may contact any references provided by your firm.
- C. **Resources** - Describe your firm's resources that will be used to fully implement this project. Specify how subcontractors, if any, will be used.
- D. **Methodology** – Provide the process you will implement to accomplish the identified research objectives. The methodology should be a long-term research plan and may include qualitative and/or quantitative instruments that will address all of the Idaho Lottery research goals. The research firm selected in the final round will work with the Idaho Lottery as a research partner from the beginning through execution.
- E. **Project Timeline**- Submit an estimated timeline for each proposed activity/project.
- F. **Budget Outline** – Submit an estimated itemized budget for each proposed activity/project. Budgets in the first round evaluation will be based on an estimate only and may be subject to revision. Final evaluation will require budgets that match the selected methodology. The Idaho Lottery research budget cannot exceed \$150,000 in any one year.
- G. **Ideas and Suggestions/Offerings** – Additional beneficial insights, ideas, innovations, tools that you can provide the Idaho Lottery as part of their long-term research plan to drive sales and gain insights.