



## Board Report

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File #: 2021-0408, File Type: Contract

Agenda Number: 29.

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### EXECUTIVE MANAGEMENT COMMITTEE JULY 15, 2021

**SUBJECT: MARKETING RESEARCH & BRANDING SERVICES**

**ACTION: APPROVE CONTRACT AWARD**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award Contract No. PS74537000 to Sensis, Inc. to provide marketing research and branding services for a three-year base term in an amount not-to-exceed \$1,126,200, and \$375,400 for each of the two, one-year option terms, for a combined not-to-exceed amount of \$1,877,000, effective August 1, 2021, subject to resolution of protest(s), if any.

#### **BACKGROUND**

Metro has been increasingly using consumer research (surveys and focus groups) to inform decision-making to achieve Vision 2028 objectives. Metro Marketing has been increasingly asked to lead important research projects, such as Line Naming, Station Naming, Microtransit Market and User Experience Evaluation, and Fareless Transit External Survey, among others. In addition, Metro Marketing has and will continue to conduct research to inform ridership growth marketing strategy, message development, digital user experience design, and more.

#### **ISSUE**

Historically, Metro Marketing has procured market research through our media buying agency as part of the media planning process. However, as the number of research products have increased and the types of research have expanded beyond media related research, a dedicated research agency specializing in marketing research is needed to more skillfully and efficiently deliver high quality data. This contract will also allow our media planning agency to focus solely on media planning, protecting the contract authority for its primary purpose.

The marketing research and branding agency will be an extension of the Marketing department and help to perform research and inform communication messages and strategies to build support for Metro's agenda, to grow ridership, and to improve the customer experience, among other agency objectives.

#### **DISCUSSION**

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Through a small business set aside procurement, four firms submitted proposals. Metro staff evaluated the recommended certified small business marketing research and branding agency and determined they possess the necessary competencies to plan and execute marketing research and marketing consulting to support the Marketing department and broader Metro agency in achieving Vision 2028 objectives.

### Considerations

Partnering with a marketing research and branding agency, with a wide variety of market research and marketing capabilities, will give Metro Marketing the flexibility to leverage the external resource as needed. The contract is structured such that Metro Marketing can do as much of the research in-house as resources allow or to rely on the partner agency for full-service work when internal resources are maxed out and/or the research needs are very complex.

### **DETERMINATION OF SAFETY IMPACT**

No impact to safety has been determined.

### **FINANCIAL IMPACT**

Metro Marketing, including projects funded by other departments, has spent approximately \$245,000 per year on average from FY18-20 on marketing research. With the anticipated marketing research projects over the next five years, the agency's spend on marketing research is expected to increase.

Of the \$1,877,000 contract amount, it is estimated that Metro Marketing will be responsible for approximately \$1,300,000 over five years, or \$260,000 per year. The remaining research expenditures on this contract will likely come from other departments' existing budgets.

### Impact to Budget

By doing marketing research to guide messages and tactics, Metro's marketing budget can be spent more efficiently and effectively.

Funding for this market research and branding contract will parallel the projects direct charged by this contract and may include operating eligible sources such as fares and sales tax. Because this is a multi-year contract, departmental budgets will be allocated as needed by project managers in future years.

### **EQUITY PLATFORM**

This contract was evaluated in an equitable manner and includes services that will be performed in a way that yields positive impacts for Equity Focused Groups.

1. This was a small-business-certified set aside procurement. Sensis Inc. (Sensis) made an SBE commitment as the prime and is performing 30% of the work with its own workforce. Sensis listed one (1) subcontractor. Sensis made a 100% SBE commitment and is meeting the Small

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Business Prime Set-Aside requirements established for this project. Additionally, vendors were rated on their ability to provide research services among respondent samples at representative and Census-proportionate ratios of demographics, including gender, age, ethnicity, income, and sub-region. In addition, potential vendors were rated on their ability to provide research services in the following languages: Chinese, Japanese, Korean, Vietnamese, Armenian, Russian, Spanish, and English. We anticipate that these requirements will guide the selected vendor to conduct research that is representative of the diverse Metro region.

- Of note, of the four vendors who submitted proposals, three were minority owned businesses, suggesting that minority businesses had at least equal, if not greater, awareness of this procurement, than non-minority-owned businesses. The awarded vendor is also a minority-owned business.
2. As a function of the recommended vendor's ability to conduct research among representative groups of Los Angeles residents and transit riders, voices of all groups will be heard. In fact, while the following was not a criterion on which vendors were rated, the recommended firm, Sensis, Inc., brands themselves as a "cross-cultural" marketing agency, with a focus on Latino/Hispanic audiences. With 59% of LA Metro riders identifying as Latino, Sensis's expertise in researching and marketing to Latinos will help ensure the voice of this large and important group is heard.
  3. To summarize, this board report action is anticipated to benefit marginalized groups including those with limited English proficiency and people of color, particularly in the Latino/Hispanic community, through culturally sensitive and competent research activities that will inform Metro's own marketing and communication strategies in line with the region's diverse communities. There are no anticipated burdens or harms to marginalized groups, including unintended harms, anticipated with this board report item. No need for mitigation strategies is anticipated.

Further details on the procurement equity impacts are in Attachment B: DEOD Summary

### **ALTERNATIVES CONSIDERED**

Alternatives to Board approval include (1) procuring research through our media agency, (2) procuring research on a project-by-project basis, and (3) building out the internal market research team, however each of these solutions has unique drawbacks.

1. **Procuring research through our media agency:** Given the amount of research anticipated, research would consume 80% of the media agency contract authority. In addition, the variety of and depth of research expertise needed goes beyond the scope of services of our media agency whose research would be primarily focused on determining the best media to use to achieve campaign goals.
2. **Procuring research on a project-by-project basis:** While much of the market research we do is planned well in advance, many research projects come down the pipeline quickly, needing to be done in 1-2 months. A typical procurement process takes 6-8 months, so having a contractor research vendor in place will make us more flexible and able to do research as needs arise. In addition, some research projects require continuity of methodology over time and having the same partner for three-to-five years allows for that. Finally, having a consistent

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partner will lead to efficiencies as we will know each other's processes and won't have to start from scratch with every project.

3. **Building out the internal market research team:** The Marketing department has one full-time permanent, and one temporary employee. While building out the team would increase capacity, there will always be a need to procure outside partners to go out into the field and get survey completes.

### NEXT STEPS

Upon Board approval, staff will execute Contract No. PS74537000 with Sensis, Inc.

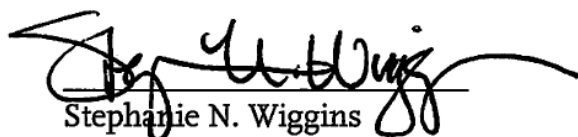
### ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Robert Heavrin, Manager, Communications, (213) 418-3238

Reviewed by: Glen Becerra, Executive Officer, Marketing, (213) 418-3264  
Yvette Rapose, Chief Communications Officer, (213) 418-3154  
Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Stephanie N. Wiggins  
Chief Executive Officer