

# A COR's Guide to Market Research

**M**arket research is the collecting and analyzing of information about capabilities available within the market to satisfy agency needs, regardless of whether those needs are for services or supplies.

## What is the purpose of market research?

Market research fulfills many purposes, among them: (1) to promote full and open competition; (2) to ensure the government satisfies its needs in a cost-effective manner; (3) to determine whether commercial items are available to meet the government's needs; (4) to determine customary commercial practices; (5) to ensure maximum use of recovered materials and promote energy conservation and efficiency; (6) to determine whether bundling is necessary and justified; (7) to facilitate development of the independent government cost estimate; (8) to assist with small business and other socioeconomic determinations; and (9) to assist in determining the need for contract financing.

In short, market research information can be used to shape the acquisition strategy and to define the agency's description of need. This is particularly important for commercial items, where the description of need must contain sufficient detail for potential offerors to know which commercial products or services may be suitable.

## Are agencies *required* to conduct market research?

Yes. The Federal Acquisition Regulation (FAR) requires that market research be conducted in two separate stages:

- Before new requirements documents for an acquisition are developed
- Depending on the dollar amount of the acquisition, before offers are solicited

In reality, however, market research is done throughout the acquisition process, beginning with identification of the need. The level of specificity and scope varies at different points, but market research is a continuous process.

## Who is responsible for conducting market research?

Typically, the requiring program office staff is responsible for conducting market research. This, of course, generally means the contracting officer's representative (COR). However, the proper practice is for the entire integrated project team to be part of the market research effort. This enables all team members to share an understanding and knowledge of the marketplace—an important factor in development of the acquisition strategy.

## How is market research conducted?

There is no specific procedure for conducting market research; however, it should be tailored or adjusted to each acquisition and will depend on the complexity of the item or service required, the dollar value, urgency, and past experience. Determine what information is needed, and when conducting market research, be open to receiving information that has not yet been considered by the agency.

Methods of conducting market research include, but are not limited to:

- Contacting knowledgeable individuals in government and in the private sector regarding market capabilities, commercial offerings, and business practices
- Reviewing recent history and the results of market research undertaken to meet similar requirements
- Reviewing the supplies and services available to order from other agency contracts, such as federal supply schedules, the Department of Defense e-Mall, or government-wide acquisition contracts
- Obtaining source lists (such as *Thomas Register*, other program or contracting offices, state and local governments, and trade associations)
- Participating in interactive, on-line communication among industry, acquisition personnel, and customers
- Publishing formal requests for information, sources sought synopses, or draft performance work statements or statement of objectives
- Reviewing catalogs and product literature and trade journals

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- Conducting market surveys to obtain information from potential sources
- Attending trade shows, conferences, and symposia
- Querying government databases that provide relevant information, such as the Central Contractor Registration
- Using Internet tools and performing Web searches

### What types of information should be collected when conducting market research?

The following are among the types of information to collect:

- Availability of supplies/services suitable as is, or with minor modifications, for meeting the need
- Availability of companies to perform the work required, including their socioeconomic status
- Terms and conditions and warranty practices under which commercial sales of the supplies/services are made
- Requirements of controlling laws and regulations
- Distribution and support capabilities of potential suppliers, including alternative arrangements

### Can we collect pricing information as well?

Yes, but in doing so, be careful not to solicit (or be perceived as soliciting) a price quotation or proposal for the actual supplies or services to be acquired. Therefore, before initiating market research, the COR is encouraged to contact acquisition personnel to coordinate the scope of his/her market research. Not only is this involvement critical to the acquisition process, but it also could preclude the possibility of the COR taking an action that might cause a contractor to incur costs.

### How is the information collected used by the agency?

Market research information may be used in all pre-award duties, such as:

- Reviewing the proposed specification or statement of work to ensure it encompasses all acceptable supplies or services, if any, in the market
- Determining when to buy
- Establishing delivery schedules that are realistic in terms of market conditions and practices
- Formulating the independent government cost estimate
- Suggesting sources for the solicitation mailing list (not an inclusive list to limit competition)

- Determining whether to purchase or lease
- Identifying quantity breaks
- Determining whether sources capable of satisfying the requirements exist
- Determining whether commercial items are available
- Determining the extent to which commercial items could be incorporated at the component level
- Determining the practices of firms engaged in producing, distributing, and supporting commercial items, such as terms for warranties, buyer financing, maintenance, packaging, and marking

### Must the results of market research be documented?

In large measure, the results of market research decide the acquisition approach and should be documented in a manner appropriate to the size and complexity of the acquisition. The results of market research may be used in the acquisition plan, requirements analysis, analysis of alternatives, and solicitation document.

Documentation serves several purposes:

- First, it provides a historical record of the market research effort and provides evidence that proper market research was done for the acquisition.
- Second, it may be used in the future by other market research teams investigating similar products to get a feel for what might be available and to get ideas on where to start their investigation.
- Third, it may be used by the contracting office working on the solicitation for the acquisition to further determine appropriate contract terms and conditions.

### Key Takeaways

- Begin market research early, while the requirement is still flexible.
- Successful market research is an iterative process. Market research is first used to determine the availability of commercial capabilities, practices, items, and services to meet the general requirement. It is also done later to get more specific, detailed information to make various acquisition decisions.
- The amount of time and money spent on market research should be proportional to factors such as the value of the acquisition, the complexity of the item or service, the use of the item or service, and the commercial potential.
- Document the research in a manner appropriate to the size and complexity. ♦

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