Conducting Market Research
What is Market Research?

• "Market Research" is the process of collecting and analyzing information about capabilities within the market to satisfy agency needs. (FAR 2.101)

• Market Research must be conducted for ALL acquisitions

• Market Research Policies and Procedures are outlined in:
  – Federal Acquisition Regulation (FAR) Part 10
  – Defense Federal Acquisition Regulation Supplement (DFARS) Part 210
Market Research Basics

• Prior to Market Research, requirements should be clearly established

• The extent of Market Research will vary depending on the following:
  – **Urgency** → A true example of urgency would be a need for natural disaster relief that forces expediting of market research.
  – **Estimated Dollar Value** → Higher value procurements generally require more market research.
  – **Complexity** → Higher complexity procurements generally require more market research.
  – **Past Experience** → Requiring activities with a great deal of experience in a particular field may be able to expedite market research.

• Contracting Officers may require the submission of market research information
• When should Market Research be done?
  – Market research should be done on a continuous basis.
  – Especially important when exercising an option or drafting a Justification and Approval

• What is Market Surveillance?
  – Market research that is ongoing.
  – Acquisition personnel continuously monitor the marketplace to stay current in their area of expertise.

• What is Market Investigation?
  – Market research that is focused.
  – Acquisition personnel center research effort on investigating that portion of the market to meet a specific need.
Why Conduct Market Research?

• Conducting Market Research has a number of benefits:
  – **Reduced Acquisition Costs**: Identifying commercial products to meet government needs reduce costs to the taxpayers by using products competitively developed at private expense
  – **Reduced Cycle Times**: Commercial products already developed do not require extensive RDT&E in order to be put into use
  – **Access to Advanced Technology**: Competitive pressures in the commercial sector force firms to constantly develop advanced solutions or risk falling behind competitors
  – **Solution “Discovery”**: Market research may lead researchers to uncover previously unknown solutions to their needs
Main Market Research Questions

• There are four main questions to answer when conducting market research:

  1. Are Commercial Items Available?
  2. What Existing Sources Are Available?
  3. What Information on Similar Acquisitions is Available?
  4. What Commercial Practices Are Commonplace?
Question 1: Are Commercial Items Available?

• What are Commercial Items?
  – Anything that is available for sale to the general public.
  – As defined in FAR 2.101: Commercial Item
    “Any item, other than real property, that is of a type customarily used by the general public or by non-governmental entities for purposes other than governmental purposes, and-
    (i) Has been sold, leased, or licensed to the general public; or
    (ii) Has been offered for sale, lease, or license to the general public;”
  – More information is available in FAR Part 12 Acquisition of Commercial Items

• Are Commercial Items Available That Meet Our Needs?
Question 1: Are Commercial Items Available?

- If Commercial Items are available...
  - What are the going Market Prices?
    - How much does the product/service sell for on the open market?
  - What Features are Available?
    - What features do competing products have in common?
    - What feature(s) does one product have that a competing product does not have?
  - What Product Reliability can be expected?
    - Are any products more reliable than others?
    - What warranties exist to protect the Government in the event of product failure?
Question 2: What Existing Sources Are Available?

- What Sources Can Fulfill the Government’s Need?
  - Are there any Small Businesses in the Market?
    - If so, the acquisition may need to be set-aside
  - What Past Performance History is Available?
    - Check PPIRS
  - What Production Capability Exists?
    - Can a single source fulfill an entire requirement in a timely manner? Or will multiple awards be required?
  - What Distribution Capability Exists?
    - Can the goods/services be delivered in a timely manner?
  - Are there any Patent and/or Data Rights Concerns?
    - Are data rights overly restrictive?
    - Are data rights subject to dispute/ not well defined?
Question 3: What Information on Similar Acquisitions is Available?

- Is Information About Similar Government Acquisitions Available?
  - What prices were previously paid?
    - What historical pricing data is available?
    - Did the Government receive any special discounts such as a quantity discount?
  - What were the results of the previous procurement?
    - Were the Government’s needs met on previous acquisitions?
  - Are there any special statutes that applied to previous acquisitions?
    - Service Contract Act? (41 USC § 351 - 354)
    - Buy America Act? (41 USC § 10a - 10d)
Question 4: What Commercial Practices Are Commonplace?

- What Commercial Practices Are Found in the Marketplace?
  - What warranties are commonly offered?
  - What maintenance programs exist?
  - Does standard commercial packaging and marking meet the Government’s delivery needs? If not, what special shipping will be required?
  - What standard terms and conditions exist for commercial products?
  - What commercial performance metrics or best practices exist?
How to Conduct Market Research

• What documentation is required?
  – There is no prescribed method for documenting market research.
  – Persons conducting market research should provide as much information as practicable documenting their research.
  – This information will be used to support:
    • Acquisition Plans
    • Justification & Approvals (J&As)
    • Independent Government Cost Estimates (IGCEs)
    • Exercising options, etc...

• There are two primary methods for gathering market information:
  – Informal Market Research
  – Information Exchanges
Informal Market Research

• What is Informal Market Research?
  – Informal Market Research is simply the process of obtaining information about the marketplace by doing any or a combination of the following:
    • Contacting knowledgeable individuals within the Government and/or industry
    • Reviewing previous similar or identical acquisitions
    • Check in-house contract vehicles
    • Reviewing catalogs and other generally available product literature
    • Attending trade shows or other gatherings with industry, acquisition personnel and customers
    • Searching the Internet

Informal Market Research is the fastest and most common method of gathering market information.
Information Exchanges

• What are Information Exchanges?
  – The FAR enables the Government to obtain structured market information through “information exchanges.”

• How are Information Exchanges conducted?
  – Issuance of Requests for Information (RFIs)
  – Release of Draft Requests for Proposal (RFPs) for Industry Comment
  – Holding Industry or Small Business Conferences
  – Pre-Solicitation Notices
  – Pre-Solicitation/Pre-Proposal Conferences

Requiring offices should coordinate with their Acquisition Manager and Contracting Officer if information exchanges become necessary.
Information Gathered During Exchanges

• Early Exchanges of Information allow the Government to gain feedback from Industry regarding acquisition elements such as:
  • Proposed Contract Type
  • Terms and Conditions
  • Acquisition Planning Schedules
  • Requirements Feasibility
  • Performance Requirements
  • Statements of Work/Objectives
  • Data Requirements
  • Other Industry Concerns or Questions

• Exchanges allow the Government to identify potential offerors, determine whether industry can meet its needs, and/or determine if industry has a better approach to meeting the Government’s needs.
Internet Resources that can be used during Market Research.

- Defense Acquisition University  http://www.dau.mil
- Department of the Navy Acquisition One Source http://www.acquisition.navy.mil/
- GSA Advantage! http://www.gsaadvantage.gov
- Consumer Price Index http://www.stats.bls.gov/cpihome.htm
- Producer Price Index  http://www.stats.bls.gov/ppihome.htm
- Acquisition Reform Network  http://www.arnet.gov
- PriceGrabber.com  http://www.pricegrabber.com
- Central Contractor Registration  http://www.ccr.gov
- Consumer Reports  http://www.consumerreports.org
- FAI Online  http://www.fai.gov/
Market Research Summary

• Market research must be conducted for all procurements

• Various methodologies exist for conducting market research and can be tailored to meet specific Government needs

• The extent of the market research should be adjusted as the situation merits

• As market research is conducted, document your findings

• Market research is a never-ending part of the acquisition process
Questions?