



# Market Research Defined

## **INTRODUCTION**

Market research is an organized effort to gather information about benchmark solutions or potential vendors to support the business strategy. Through market research, you can learn the prices of different commodities and services in the market, as well as the supply and demand situation. The information gathered from market research will assist an agency in making wise and profitable business recommendations and, ultimately, decisions.

The results of market research must be substantial, credible, current, and supportable, as well as aligned with the project's business, technical and functional objectives.

## **THE ROLE OF MARKET RESEARCH IN PLANNING**

Market research requires one to collect and analyze information about the market that subsequently can be used to determine if the agency need can be met; if it can be met by products or services available in the current market; or if commercial practices regarding customizing, modifying products or tailoring services are available to meet agency needs. It also reveals industry practices, including standard warranty, maintenance and operations and pricing models; and whether the distribution and logistics support capabilities of potential suppliers are sufficient to meet the needs of the chosen solution.

Knowing your market also means understanding external factors that could affect your success. Standards emerge, regulations change, economic conditions shift, and technological breakthroughs occur. Today's assumptions may not apply tomorrow. Conducting market research early - and often - will help you stay current with the industry. Information obtained through market research will help you to focus your product or service development efforts, reduce risk and define project data needs to improve your procurement and project success.

Market research:

- Provides relevant data to support industry capabilities, product availability, competitive market forces, and alternative sources
- Illustrates availability and status of potential supplier resources
- Determines if the IT project requirements can/should be modified, or enhanced
- Defines and refines new requirements
- Indicates potential scope, schedule and budget
- Provides recommendations for the components to include in the Statement of Work (SOW)
- Generates information on specific risks or pitfalls specific to the solution
- Identifies potential unanticipated work, services or products to be included
- Provides historical data/lessons learned



### **THE ROLE OF MARKET RESEARCH IN PROCUREMENT**

Market research provides the expertise needed to conduct an effective procurement and helps the State maximize reliance on the commercial marketplace, thereby benefitting from its capabilities, technologies, and competitive forces in meeting an agency need. The information is used to shape the procurement strategy, including the recommended solution, and SOW or requirements. It also supports the development of the evaluation factors used for the procurement. It enables the State to buy best-value products, services and solutions that solve mission-critical objectives.

Market research can help identify:

- New, existing or innovative products, services or solutions available in the marketplace that address the business problem or meet similar requirements
- How others have addressed similar business problems or procured similar solutions
- Accurate cost estimates (rough order of magnitude (ROM)) and/or realistic delivery schedules
- Industry practices such as service level agreements (SLA's), warranty standards, and installation procedures
- Product distribution and maintenance support capabilities of potential suppliers
- Availability and status of potential supplier sources
- Competitive prices that have been obtained by other customers when acquiring products, services or solutions
- Industry standards and best practice business technical and/or functional requirements
- Market vocabulary, industry trends, standards, service and product concepts, and competitive business trends

Failure to conduct market research may have significant consequences on your procurement and resulting contracts. A limited pool of suppliers might lead to a non-competitive or limited competition procurement. In this scenario, the research conducted must be compelling, valid and well documented. New commercial market technology, capabilities, processes, or resources may be overlooked if market research is not conducted. It creates signpost and guides to the roadmap of success for an IT project!

Market research may make the difference between the right and wrong decisions that affect business and IT solutions. It may reveal unfilled needs, suggest different strategies or identify a product or services strengths and weaknesses. Market research could involve asking questions, researching, surveying the market with Requests for Information (RFI) questionnaires, recording information and taking time to learn from the information. Market research develops an information base to estimate budget, develop solution strategy and decide how to approach a recommended solution.

Additional information on how to conduct market research and what types of questions to ask are included in subsequent guidance documents.