

MARKET RESEARCH

Market research is the process of gathering qualitative and quantitative information about a commodity or service.

Market research is one of the most critical procurement steps that a buyer undertakes because it helps the buyer determine the best direction for a procurement in regard to:

- Writing specifications with appropriate scope and detail.
- Ensuring the solicitation reaches a wide range of prospective contractors.
- Negotiating the best price.
- Establishing the length of the initial contract term and optional renewals.

Finding information about a commodity or service helps you determine which functions or aspects of the commodity or services are available and best suited for your agency's purpose.

Suggested questions to answer:

- What is available in the market?
- What are standard and optional components of the commodity or service?
- How might prospective contractors offer it?
- What is the price range?
- Are availability and cost consistent, or is there high fluctuation in the market?
- Are similar public solicitations available for review?

Using Market Research on Prospective Contractors

Finding prospective contractors who offer the commodity or service can be key in ensuring your solicitation has reached a wide range of vendors. This enables competition, ensures best cost, and provides leverage for future negotiation.

Make note of these prospective contractors and their contact information (company name, email address, phone number, etc.) for use when you publicly issue the solicitation.

Using Market Research for Price Range and Market Trends

Knowing the price range of the commodity or service, and the consistency or fluctuation of its cost or development helps you:

- Know if a purchase is within budget.
- Confirm the State is getting a fair price.

- Establish goals for cost negotiation.
- Determine the most favorable initial contract duration and renewal options.

Using Market Research About Similar Solicitations

Examples of specifications from similar solicitations can:

- Give you a starting point for developing your specifications if the attached specs are minimal or lacking in detail.
- Serve as a check or reference that you have considered all the basic functions or aspects of a commodity or service.
- Help you decide on the logical flow or organization of the specifications in your solicitation.

Using Market Research for Specifications

Researching the functions, components, and aspects of the varieties of a commodity or service that are available on the market can help you build excellent specifications.

Utilizing this information, and collaborating with the end user as you shape and organize the specifications, ensures that you have written a comprehensive and detailed set of specs which will:

1. Be broad enough to ensure competition.
2. Meet your agency's needs and obtain best value for the State.

WARNING

Never use one contractor's specifications (such as those listed on their website) as the specifications in your solicitation.

Never copy and paste a set of specifications you find on the internet.

Your specifications:

- Should be written to meet the individual needs of your agency or end user.
- Must be broad enough to allow for multiple prospective contractors to meet the requirements and be able to submit a bid or proposal to ensure competition and best value for the State.

Market Research Best Practices

It is best practice to conduct online market research:

- Prior to beginning a solicitation.
- Prior to executing a renewal of a contract, *especially* if a contractor is requesting a price increase.

Possible websites to use when conducting research:

- Google: For general product/service information, and for other solicitations.
- Retail websites that would carry the commodity, such as Walmart, Target, Best Buy, Lowe's, Home Depot, and others.
- Arkansas Amazon Business website.

Market Research Example for a Service

Shredding Services in Little Rock, AR:

- The image below shows the results of a Google search with a list of companies and locations.
- The company list contains website links, which will provide additional information.

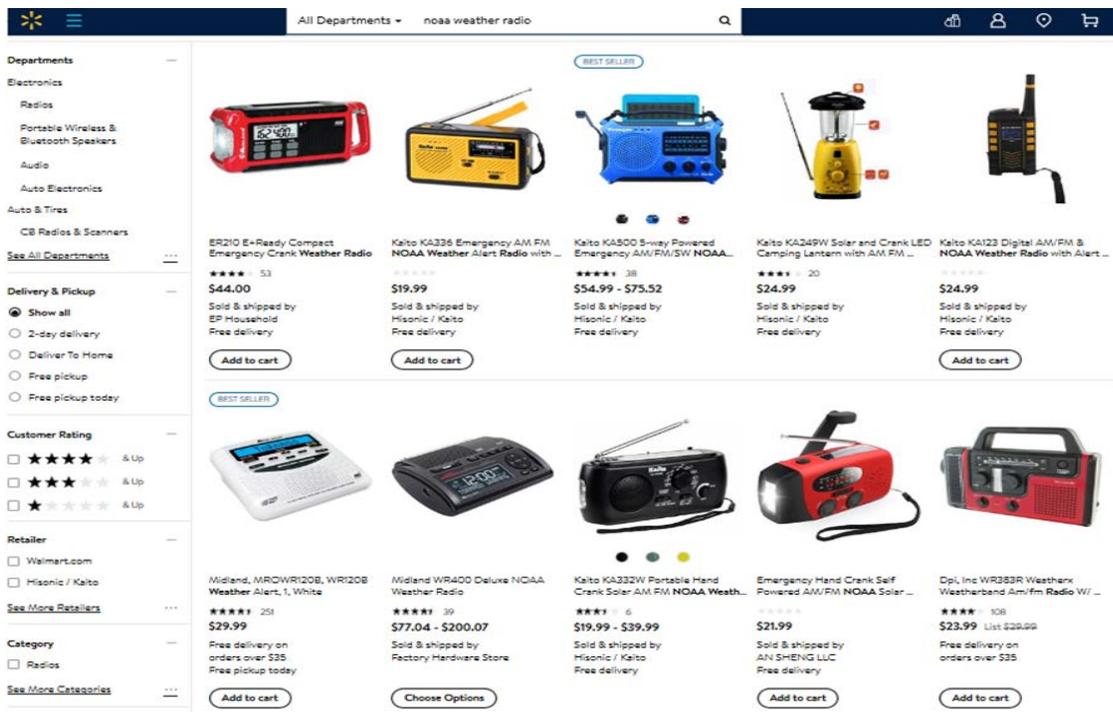
The image displays a Google search results page for shredding services in Little Rock, AR. On the left, there is a list of four companies with their names, ratings, addresses, and phone numbers. Each entry includes a 'WEBSITE' link and a 'DIRECTIONS' link. On the right, there is a map showing the locations of these companies marked with red pins. The map includes labels for various neighborhoods and landmarks in Little Rock, such as Northpoint, Pinnacle, Crystal Hill, Hillcrest, and Sweet Home.

Company Name	Rating	Address	Phone Number
Arkansas Records Management	5.0 (2)	14524 Cantrell Rd	(501) 588-8566
Rock Solid Shredding	5.0 (5)	10010 W Markham St	(501) 940-9900
Gone For Good	5.0 (4)	8121 Distribution Dr	(501) 228-3827
Shred Smart	No reviews	4501 Thibault Rd	(501) 490-0500

Market Research Example for a Commodity

NOAA weather radio search:

- Below is a screenshot from a national retailer's website.
- You could click on each radio to see details.
- Specifications should be written to allow for multiple brands/models to be a viable option.
 - For example, you would *not* want to specify that the item must be a yellow, upright model with a side antenna.



If you have questions about market research for a solicitation, see your supervisor or contact an OSP buyer.