



MARKET RESEARCH

● PURPOSE

The purpose of this document is to provide SPAWAR HQ policy and procedures for conducting market research to assist in acquiring, distributing, and supporting supplies and services. This part implements the requirements of [FAR Part 10](#) and [DFARS Part 210](#). FAR Part 10 implements the requirements of 41 U.S.C. 253a(a)(1), 41 U.S.C. 264b, 10 U.S.C. 2377, and 6 U.S.C. 796.

● BACKGROUND

Market research can be defined as a continuous process of collecting and analyzing information about capabilities within the market to satisfy DoD needs. There are two phases of market research: Tactical Market Research and Strategic Market Research. Tactical market research, also known as “Market Investigation,” is more focused and detailed than strategic market research. Tactical market research is conducted in response to a specific requirement for a product or service. Strategic market research, also known as “Market Surveillance,” is an ongoing process independent of any particular requirement. Strategic market research includes all the activities that one must perform on a continuing basis to stay abreast of product/service developments in one’s area of responsibility.

Market research is mandated for every acquisition, as governed by FAR Part 10, and is intended to help:

- Identify products and technologies, particularly to determine if a commercial item can meet the Government’s requirements
- Identify the size and status of potential vendors (to maximize opportunities for small business participation and make smart acquisition decisions)
- Assess the competitiveness of the market
- Discover prevailing industry practices
- Identify customary industry terms, conditions, and warranties
- Understand distribution and logistics capabilities
- Uncover historical acquisition information
- Ensure maximum competition
- Reveal pricing information

● POLICY

Market research is conducted to determine if commercial items or non-developmental items are available to meet the Government's needs or could be modified to meet the Government's needs. The extent of market research will vary, depending on such factors as urgency, estimated dollar value, complexity, and past experience. The contracting officer may use market research conducted within 18 months before the award of any task or delivery order if the information is still current, accurate, and relevant. It is critical that all results of market research performed are documented in the contract file upon contract award.

Except as required by [8.003](#), or as otherwise provided by law, agencies shall satisfy requirements for supplies and services from or through the sources and publications listed in 8.002, [FAR Part 8](#) before proceeding to the open market to obtain goods or services for the Federal Government. Once this requirement has been satisfied, the market researchers can expand their search to the open market

Contracting Officers shall refer to the policy dictated in [FAR Part 10](#), Market Research. Some key takeaways of FAR Parts 10.001 (1) and (2) are:

- Agencies must ensure that legitimate needs are identified and trade-offs evaluated to acquire items that meet those needs
- Market Research must be conducted appropriate to the circumstances
 - This means giving consideration to time frames, dollar values, complexity and scope of the requirement. (Refer to FAR Part 10.001(a)(2)(i)-(v) for exact details)
- The results of Market Research must be used to:
 - Determine capabilities within the industry,
 - Identify whether commercial items or non-developmental items will satisfy requirements or could be modified to satisfy requirements, determine industry practices (such as delivery, production, warranties, etc.),
 - Ensure the maximum practicable use of recovered materials and promote energy conservation and efficiency; and
 - Determine whether bundling is necessary and justified
 - Assess the availability of electronic and information technology that meets all or part of the applicability standards issued by the Architectural and Transportation Barriers Compliance Board at 36 CFR part 1194
- Do not request more than the minimum information necessary to be submitted from potential sources when conducting market research
- Comply with provisions set forth in FAR Part 10.001(c)(1)-(2) when contemplating awarding a bundled contract
 - This includes consulting with the local Small Business Administration
- Also ensure that FAR Part 44.402(a)(2) and 52.244-6 (Alternate 1) are included in the requirement for a prime contractor to perform market research in contracts in excess of \$5 million for the procurement of items other than commercial items. (Refer to FAR 10.001(d))

● RESPONSIBILITIES

Market research is conducted by all members of the acquisition team including contracting (business advisors), program managers, engineers, logisticians, legal staff, test and evaluation personnel, cost specialists, the customer, etc. It is the responsibility of the Contracting Officer to ensure adequate market research has been conducted and to document the methods used and results of market research.

To be considered adequate market research, the Contracting officer must establish the extent of research necessary, which is dependent on five variables: (1) the complexity of the acquisition, (2) how urgent the need, (3) the estimated dollar value, (4) how readily information is available and (5) past experience with the product or service being acquired. FAR Part 10 requires that market research be documented in a manner appropriate to the size and complexity of the acquisition. Once the Purchase Request (PR) package has been submitted to the PCO (Procuring Contracting Officer), all exchanges with industry should be initiated and led by the PCO and not the Program Manager.

Additional Requirements for Market Research

1. DT/DO's under IDIQ Contracts:

Market research must be conducted before an agency places a task or delivery order in excess of the SAT under an IDIQ contract. (Ref: FAR Case 2008-007)

2. Prime Contractor Market Research Requirements:

A prime contractor with a contract in excess of \$5 million for the procurement of items other than commercial items is required to conduct market research before making purchases that exceed the SAT. (Ref: FAR Case 2008-007 and FAR clause 52.210-1, Market Research)"

● PROCEDURES

Pre-Award Market Research

Pre-Award Market Research can generally be categorized as **Tactical Market Research**. Tactical Market Research is a methodical process with the end goal in mind of ultimately making a contract award, based on this research. There are six steps to Tactical Market Research:

1. Summarize the Market
 - a. Compile ongoing Strategic Market Research as a foundation for establishing requirements,
 - b. Document any relevant industry practices, important information pertinent to the requirement, and currently known sources
 - c. Research existing contract vehicles to see if they may satisfy the requirement
2. Identify Sources
 - a. Define requirements using existing strategic market research,
 - b. Use FedBizOpps, (RFI's, Sources Sought, etc.)
 - c. Advertise where commercial buyers do, (Hold Industry Days and Communicate with Industry) and

- d. Compile a list of potential sources.
3. Survey Suppliers
4. Check References
5. Evaluate Candidates
6. Document Results

Tactical Market Research is to be performed as a team effort amongst the Contract Specialist and Technical Requirements personnel and any other parties relevant to the acquisition process. The depth and breadth of adequate market research is dependent on the scope of the requirement, and is determined by the Contracting Officer and requirements established within FAR Part 10 and DFARS Part 210.

Post-Award and Continuous Market Research

Post-Award Market and Continuous Research can generally be categorized as **Strategic Market Research (SMR)**. Strategic Market Research is the continuous effort to maintain awareness of the market or markets related to the mission area or capabilities being acquired. The primary focus of SMR is to accumulate a knowledge base that becomes the foundation from which the market researcher pursues a more focused market investigation (tactical market research).

A May 2011 DoN Memorandum, [Navy Clarifying Guidance on Communication with Industry](#), provides guidance that encourages frequent and clear communication between the Department of Defense and current and potential suppliers. Under the guidance, formal avenues exist that provide the Department of Defense opportunities to conduct Strategic Market Research in order to understand the current capabilities of the industry. Examples of such opportunities include Industry Days, Small Business Symposiums, and Requests for Information (RFIs) or Sources Sought through FedBizOpps.

Industry Day(s) are a vital tool in collecting information and feedback important to framing the Government's acquisition strategy is the use of industry day(s) (e.g., pre-solicitation conference, pre-proposal conference, etc.). Industry day(s) are highly recommended for all acquisitions.

The utilization of draft request for proposals (RFP) is also an important tool to seek input from industry on the Government requirement and ensure greater understanding on both sides of the acquisition. Use of a draft RFP is highly recommended for all acquisitions. The specific content of the draft RFP will be determined by the PCO.

Aside from the formal platforms that enable market researchers to survey the market in between acquisitions, there are steps that can be taken to continuously conduct market research for both services and technology. The Defense Acquisition University Course, CLC 0004, highlights two formal processes that market researchers may follow to ensure adequate market research is continually being performed.

Strategic Market Research for **services** can be conducted by following these steps:

1. Identify the requirement for Strategic Market Research
2. Identify experts in the provision of services to commercial and DoD organizations
3. Research primary commercial and government customers of the services
4. Research the mission or support requirements upon which the service is based

5. Identify industry leaders that translate these functions into specific services
6. Identify “enabling” products, services and technologies. In other words, if researching a service; identify any components that are “enablers” for implementation. For example, aircraft de-icing is only as good as the de-icing agent used during the process.
7. Identify key labor force capabilities relevant for the service
8. Research companies and industrial/trade/standards organizations that advance the state-of-the-art of these services and formulate performance standards.

Strategic Market Research for technology can be conducted by following these steps:

1. Identify the requirement for surveillance
2. Identify originators of the technology
3. Research current product applications of the technology
4. Identify experts in the integration of the technology in larger-scale applications
5. For each technology, identify relevant enabling technologies
6. Identify primary commercial and government customers of the technology
7. Identify key technical and manufacturing process capabilities and sources relevant to the technology
8. Identify professional and trade societies, research institutes, universities, technical conferences, symposia, industry consortia, etc. actively involved in advancing the state-of-the-art of the technology and formulating technical standards, interface specifications and protocol, etc.

● **Small Business Considerations**

Identifying and engaging Small Businesses is a priority within the Department of Defense and within SPAWAR. As a result, frequent communication with small business concerns is recommended in order to ensure potential small business contractors and their products are identified, and that small business concerns are utilized when appropriate in an acquisition. This will also ensure proper market research is conducted. One tool that can be beneficial in monitoring the Small Business industry is the use of Small Business Symposiums, where small businesses have an opportunity to interact with SPAWAR representatives and provide information on their offerings. **Until market research is conducted and the results are documented, any intent to set aside a requirement for small business is premature. Contracting officers must utilize the results of thorough market research when determining whether a requirement can be set aside for small business.**

Upon thorough documentation of market research results, Contracting Officer shall provide feedback to industry regarding the decision made to set aside procurement. This should be accomplished via the pre-solicitation synopsis notice. The synopsis must reference the previous market research sources sought notice and must include a statement that the activity small business office concurs with the set aside determination.

Additionally, DoDI 5000.01 and 02 instruct contracting officers and program managers to:

- Structure Acquisition Strategies to facilitate small business participation
 - This means conducting market research to identify potential SB sources as both prime and subcontractors

- Based on market research, possibly breaking out requirements that may benefit and can be performed by SB concerns
- Consider the use of Small Business Innovative Research (SBIR) technologies, and give favorable consideration to successful SBIR technologies
 - Market research can identify where SBIR technologies may be applicable in an acquisition

● Notable DoD Sources

1. [Enterprise Software Initiative](#) (ESI), for the acquisition of COTS IT products. DFARS Part 208.7402 Departments and agencies shall fulfill requirements for commercial software and related services, such as software maintenance, in accordance with the DoD Enterprise Software Initiative (ESI).
2. [General Services Administration \(Advantage\)](#) for myriad supplies and services. GSA is listed in FAR Part 8 as a preferred source for supplies.
3. Other sources that can be checked are [DISA Encore II](#) and the [Air Force Net Centric NETCENTS II](#) site.

● Conclusion

Market Research is a continual process that enables the Department of Defense to procure state-of-the-art supplies and services that meet the needs of the Warfighter in a perpetually evolving marketplace. By conducting both Strategic and Tactical Market Research, Department of Defense Agencies can obtain the necessary services and technologies to achieve mission goals and ultimately protect the Warfighter. Further, Market Research allows Contracting Officers to be better equipped to meet agency requirements, gain an understanding of the marketplace conditions that may affect terms and conditions for commercial items, enter negotiations with knowledge of the industry and common practices, and to generate interest in offering for that requirement.

Open communication with industry provides the Department of the Navy (DON) with a level of transparency in the conduct of our acquisition business. Open and effective communications in this area will advance the DON's commitment to provide competitive opportunities where small businesses can provide products, services, and solutions to support the warfighter.

Market Research Toolbox

- [Market Research for Acquisitions \(roundtable brief of 13 October 2011\)](#)
- [CMPG \(Refer to Section 1.5 Market Research\)](#)
- [Techniques for Conducting Market Research](#)
- [Air Force Market Research Guide](#)

(cont.)

- [Navy Clarifying Guidance on Communication with Industry](#)
- **[Improving Communications During the Market Research Process](#)**

PR Process Guidebook Templates

1. [Market Research Summary Form](#)
2. [RFI Response Review Matrix](#)

2.0 Market Research Templates

- **[Request for information \(RFI\) for Services Procurements](#)**
- [Source – Purchase Request \(PR\) Process Guide Book: Step by Step Instructions for Prime Mission Product or PMP-Related Services Contracts. Version 1.0, June 30, 2011 APEO-C Branch](#)

Other Links:

- [Small Business Administration](#)
- [ESI](#)
- [GSA Advantage](#)
- [FEDBIZOPPS](#)
- [E-Commerce](#)
- [DISA Encore II](#)
- [Air Force Net Centric NETCENTS II](#)