

Discover innovations with in-depth market research

Which companies can meet our needs? Are there any new start-ups on the market? Who can provide innovative products? Probably every procurer asks himself/herself the first question every day. Questions two and three, however, will probably occupy fewer buyers. The reason is that comprehensive market research is not yet an integral part of daily work in all public institutions.

The high workload in day-to-day business is certainly one of the reasons why either no market research is carried out at all or only to a very limited extent. In addition, it is often not clear how market research actually works and to what extent communication with potential suppliers is (legally) allowed.

Market research as a strategic element in the procurement process

The aim of market research is to analyse the market with its potential suppliers as well as product and service offers at an early stage. The information obtained is fundamental for the design of specifications and the associated creation of the service description.

Through market research it is possible to find out whether or not certain product variants and functionalities are already available for certain markets. If the client does not yet sufficiently specify the needs, but can describe the desired requirements, the insights gained from the research will help to create a functional description of services. The availability of a product on the market has an impact on the selection of the most suitable award procedure. Therefore, market research is an essential tool in strategic purchasing.

The procurement process begins with a need and ends with the processing of the tender, market research takes place at a relatively early stage. Once the need is identified, procurers can start exploring the market. Market research is a strategic step in the procurement process that is regulated by public procurement law and offers a great deal of leeway. At this point the possibilities to influence the quality, the costs and the degree of innovation of a procurement project are relatively high.

The correct procedure for a market research

There are three steps to consider when conducting market research:

1. Definition of the scope of market activity

- Determine the product groups for which an in-depth and extensive market research makes sense. For this purpose, the need should have been functionally described in advance.
- If further information is required to specify your own needs, this can be clarified in the course of the market research in dialogue with potential providers.
- Determine which suppliers or actors should be addressed as part of the market research (e.g. manufacturers, scientists, service providers, etc.).

2. Selection of suitable market research formats and planning

- Determine how suppliers and actors can best be identified (= sources / routes).
- Determination of the resources and time required.
- Creation of documents that can be used as a basis in the course of research or discussions.

3. Implementation of the market research activities

- Publication of advance information (e.g. prior information notice (PIN) in the TED database) and / or publication of the requirements on relevant portals / websites or direct contact with potential suppliers.
- Documentation of all contacts and information and willingness for further exchange with suppliers.
- Description of the findings and conclusions from the market research for your own procurement project. In doing so, particular attention must be paid to the protection of intellectual property rights, but also to transparency and equal treatment of all parties.
- Before initiating the award process, it is necessary to take measures to prevent competition restrictions from market research activities. E.g. all information should be openly accessible and enough time should be given to answer or give feedback.

In order to be able to contact potential bidders, they must first be identified. A wide variety of sources that can be used by procurers are available for this. The most frequently used are online information (portals, websites), catalogues, specialist literature, advertising / brochures, supplier visits and supplier surveys (source: „Wege der Markterkundung“ according to Wegweiser). Unsurprisingly, online research is the most widely used resource. Internet and database research is sufficient for some requirements. If the need is more complex, it is worth encouraging market participants to cooperate.

Create the conditions for successful market research

Many procurers are very involved in day-to-day business. There is not much room left to devote to strategic issues. It is precisely this freedom that has to be created so that market research can really become an integral part of the procurement process and provide useful knowledge.

Procurement can only carry out a comprehensive market research if it is informed early of pending requirements by the user and / or proactively initiates a long-term needs assessment. Because quality, costs and the degree of innovation of a product or service can only be positively influenced if needs are known promptly.

In order not to have to carry out the entire research effort every time and to inform colleagues about the findings of the market research, transparent documentation and the sharing of knowledge are essential. This has the advantage that, in the event of a renewed need, a basis of information is already available that can be used and updated. In addition, this information helps to gain extensive market knowledge. And which procurer would not like to be perceived as an expert?

With these conditions and a well-considered approach, nothing stands in the way of successful market research. And this will certainly also be reflected in the degree of innovation of the products and services procured.