



# **The Do's and Don'ts of Market Research**

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White Paper

PROCUREMENT & SUPPLY CHAIN



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## White Paper

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The Simplar Foundation's ultimate goal is to give back to industry professionals by sharing documented research findings, documented experience, and lessons learned that are proven to increase project and organizational performance. Simplar Foundation White Papers are based on collaborations between academia and industry to capture such wisdom and distill practical guidance in an easy-to-read format.

This White Paper is based on the experiences of dozens of client organizations in procuring, contracting, and implementing numerous information technology (IT) solutions. The intent of this White Paper is to pass along lessons learned that may be useful for industry professionals to incorporate into their future projects.

## What is Market Research?

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Market research is the process of identifying the vendors & products that may be able to meet the client's needs. What's next after market research? Invite these vendors to competitive procurement process! The following sections provide tips to guide the market research process.

### Tip #1: Do Not Mix Market Research with Evaluations

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Evaluations are defined as any consideration of which vendor and/or product the client prefers relative to competing options. Evaluations should be kept separate from market research for several reasons:

- The goal of market research is not to pass judgement or rank-order the vendors.
- The goal of market research is not to have vendors provide proposals, quotes, nor product demonstrations (these can be done later at the Request for Proposal stage)
- The only goal of market research is to identify all vendors and/or products that have the potential – however remote – to meet the client's minimum requirements.
- If the client team says “Let's exclude this vendor because the previous vendor seemed better” then they should be kindly reminded that such comments represent an evaluation judgement! Market research is not the time for evaluations.

### Tip #2: Do Not Fall for A Vendor's Marketing Information (or lack thereof)

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Sometimes client teams will be tempted to overlook or exclude a vendor/product with comments such as: “Well that vendor only showed us a PowerPoint slide deck and it didn't look very sophisticated, so we won't learn anything from them and can kick them out.”

- Well, maybe they have a poor slide deck because they spend all their time making an amazing product! Why not verify during the RFP process? Keep them in the running!
- These kinds of statements are code-language for: “The Client fell hook-line-and-sinker for another vendor's marketing videos, glossy brochures, and spiffy demos”
- Beware – this type of marketing information starts to create bias among the client's project team if they begin developing preferences for specific vendors.
- Clients can only get bamboozled by marketing materials if we have done a poor job in structuring our evaluation process. And market research is NOT the evaluation process – so no wonder it is risky to make evaluation judgments during market research!

## Tip #3: Avoid 1-on-1 Meetings with Vendors

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Vendors frequently request 1-on-1 meetings with the client team before the RFP process.

Their reasons sound great:

- “We want to better understand your needs”
- “We want our experts to talk with your experts”
- “We can make it easier to write your scope by showing you the capabilities this type of system should have”
- “We can educate your team on what to look for in these types of software systems”

However, their true motives are often different:

- They really just want to build a relationship with the client team. Vendors think that facetime now will result in more favorable evaluations later (read: biased evaluations)
- In other words, vendors want the opportunity to purely market & sell their product

Bottom line: 1-on-1 exploratory meetings are purely marketing expeditions for the vendor and a largely waste of time for the client \*and\* this directly ties to negative outcomes for the project – mainly by creating bias in the internal client teams and evaluators.

## Tip #4: Do Not Overly Rely Upon Consultants who claim to be Subject Matter Experts or Industry Experts

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Do not overly rely on Consultants who suggest they have researched the entire market and developed rankings. There is not a magic “easy button” that is perfect for every client’s individual project environment.

- Always remember: these types of consultants typically rank entire companies and product offerings. However, vendor logos & product names do not matter nearly as much as the quality of the project team individuals who are implementing, configuring, and integrating the product/service for the client’s specific environment. And most consultants only show you the logos / products!
- Beware: it is common for such consultants to bring their own biases. In fact, they may highlight/recommend certain vendors with whom they have a previous relationship (and those vendors might even be paying the consultant!)

But consultants can be a useful tool if you ask them “Please give us a list of ***all*** possible vendors & systems who could ***potentially*** meet our ***minimum*** needs – no matter how remote or poorly rated you have them?” And then augment this with your own market research (& follow it up with an outstanding RFP process).

## Tip #5: Avoid Traditional RFI Processes

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Traditional Request for Information (RFI) processes should be avoided unless the client has clearly defined the outcomes the RFI is intended to achieve.

- Unfortunately, many traditional RFI processes diverge in disorganized “fishing expeditions” – which collect a lot of material yet provide very little tangible benefit.
- Poor RFI processes will ask vendors to answer a list of open-ended questions, all of which essentially boil down to “What can you do?” Not surprisingly, the responses end up being a compilation of marketing content in the form of brochures, fact sheets, websites, etc.
- Before using an RFI process, be sure to think about what the goal and next steps once the RFI process is completed. If the answer is: “We want to get a feel of the marketplace” then the RFI can be skipped entirely!
  - Instead, list the 3 to 5 specific pieces of information that the RFI is intended to collect and/or the 3 to 5 decisions that the RFI should enable the client team to make. Then think about ways to ask vendors for only this information and completely avoid all pre-packaged marketing content.

## Tip #6: Do Advertise the Project

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Market research can be a helpful step in “advertising” the upcoming project to the vendor community. The goal should be to attract interest, which will then pay off with greater competition later at the RFP stage!

- Identify the point of contact (individual person) from the vendor who can be contacted for procurement purposes
- Let the vendor know that a procurement process is upcoming – and they should start thinking about the individual project team members that would be the best fit.
- Initiate Non-Disclosure Agreement (NDA) procedures if necessary – this reduces the chance of the procurement process getting bogged down later.