

Market Analysis Guidelines

As part of the European Commission funded project '*Enhancing transparency and integrity in the public procurement system through an integrated risk management system*', the OECD has developed a risk management framework for public procurement. To ensure its successful implementation and based on the needs of Greek contracting authorities, the OECD has developed a number of tools, including these guidelines on market analysis

Simon Cox simon.cox@oecd.org
Kenza Khachani kenza.khachani@oecd.org

GUIDELINES ON MARKET ANALYSIS IN PUBLIC PROCUREMENT

INTRODUCTION

As part of the European Commission funded project “*Enhancing transparency and integrity in the public procurement system through an integrated risk management system*”, the OECD has adapted the general risk management policy and framework, mandated under Law 5013/2023 to public procurement. To ensure its successful implementation and based on the needs of Greek contracting authorities, the OECD has developed three tools:

1. A short information note on integrity breaches
2. Needs analysis guidelines
3. Market analysis guidelines

The pre-tendering or planning phase of a public procurement procedure includes understanding the capabilities of the supplier market to meet the contracting authority's needs. Market analysis involves researching and understanding the market conditions, including the availability of suppliers, price levels, and technological developments. It helps in designing the procurement strategy and making informed decisions about how to approach the market. By conducting a thorough market analysis, procurement officials can anticipate changes in supply and demand and assess the competitive landscape. This enables the mitigation of risks such as cost overruns, supply chain disruptions, and non-compliance with procurement regulations, ultimately ensuring the efficiency, transparency, and success of public procurement processes.

However, as it can involve close interaction between the public and private sectors, market analysis can be a high-risk activity. Following a standardised approach such as this checklist can help to ensure that market analysis is carried out in a transparent and fair manner, reducing the risk of integrity breaches.

REGULATORY FRAMEWORK

EU Directive 2014/24/EU emphasizes the importance of preliminary market consultations (Article 40), allowing contracting authorities to conduct market research **to better understand the capabilities of the market and refine their procurement strategies accordingly**.

In Greek Public Procurement Law No. 4412/2016 (hereinafter the PPL), Article 45, paragraph 3 requires the Contracting Authority to **document the feasibility of the project and the price of the budget defined in the procurement documents, implicitly requiring a needs and market analysis**. The stipulations of Article 45, paragraph 1 of Law 4412/2016 is supplemented by article 33 of L. 4270/2014 on the fundamental principle of sound financial management comprising the principles of economy, efficiency and effectiveness.

Furthermore, in accordance with article 46 of the PPL, before launching the procurement procedure, **contracting authorities may carry out consultations with the market to prepare the procurement procedure and inform economic operators of the procurement requirements**. Consultations are carried out through a specific invitation published at least on ESIDIS and on the website of the contracting

authority. All communication between the contracting authority and the economic operators must be documented and kept in the procurement contract file.

MARKET ANALYSIS

Market analysis provides insights into the supplier market and identifying potential sources of supply. It helps contracting authorities understand market dynamics, including supplier capabilities, pricing trends, and technological innovations and informs decisions such as the appropriate tender procedure and the tender specifications. Data for market analysis can be collected from a broad range of primary and secondary sources.

The steps of market analysis are depicted in the following table:

Table 1. Market Analysis Checklist

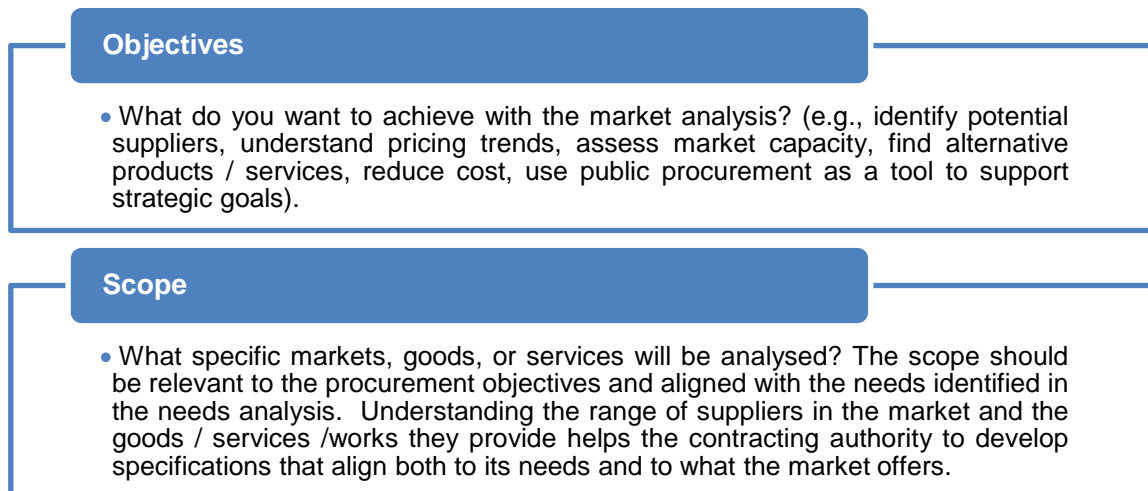
Market Analysis Checklist			
	Yes	Partially	No
1. Develop market analysis approach: define the objectives and scope.			
2. Collect market analysis information: gather data from primary and secondary sources on the supplier market.			
3. Analyse the market data: focus on market trends, supplier capabilities and risks.			
4. Prepare a market analysis report: create a comprehensive report summarising the findings.			

1. Develop market analysis approach

Market analysis allows the contracting authority to understand how a market works, the direction in which a market is heading, the competitiveness of a market, the key suppliers, and the value that suppliers place on contracting authorities as customers. This can help inform, improve and shape the tendering process, leading to improved procurement outcomes such as better value for money.

Developing a market analysis approach involves defining the objectives and scope of the analysis. The approach should be tailored to the specific needs of the contracting authority and the nature of the procurement.

Figure 1. Objectives and scope of market analysis



Source: Author's elaboration

Once the aim of the research is understood, the contracting authority should identify potential information sources and set a timetable for completing the market analysis. The level of detail in any research will vary with the **strategic value of the goods, services or works and the complexity of the purchase and supply market**.

2. Collect market analysis information

Information to Collect

Different information can be collected for market analysis depending on the categories of goods, services or works being considered. Not all data will be relevant for all categories and this guide therefore provides a general list of potentially relevant information. This includes:

- Potential solutions and substitutes (e.g., solutions available or under development)
- Potential suppliers (e.g. size, geographical location, etc.)
- Prices and life cycle costs (e.g., operating costs)
- Delivery time
- Quality
- Market trends
- How solutions can address strategic policy goals (e.g., environmental and social standards, innovation)
- Risks during the procurement process and supply chain risks

Sources of Information

Information for market analysis can be collected from various sources, including:

Primary Sources

These refer to direct engagement with suppliers through surveys, interviews, and market consultations. Primary sources include interviews or surveys of those in the best position to understand any issues about

the goods or services required to meet their needs. This type of research should involve a range of economic operators, including both current and potential suppliers. This research can be performed through:

- The organisation of public events (i.e. meet the buyer events).
- The distribution of consultation surveys to the market.
- One-on-one interviews with individual suppliers provided that transparency and integrity standards are strictly followed.
- The consultation procedure provided for under Article 46 of L. 4412/2016



There is a need for caution in any engagement with suppliers as they are likely to be biased towards promoting their own products and services. It is important that a range of suppliers are interviewed since this gives a wider picture of markets and reduces potential bias or favouritism.

When deciding to talk to potential suppliers, the contracting authority must be careful not to make any representations or promises or provide information that is commercially valuable.



It is important that engagement with economic operators not create advantages for certain suppliers or result in specifications and tender documents drafted in their favour. It is important there is no basis for any assertion of bias, unfairness, discrimination or lack of transparency during a future competition. The process and information received during engagement with economic operators should be clearly recorded in writing. **Contracting authorities should take appropriate measures to ensure that market engagement does not distort competition by ensuring both transparency and confidentiality during the process.** This means that the contracting authority should ensure that all economic operators are informed of the outcome of the market engagement, ensuring that no supplier has an unfair advantage. At the same time, information such as specific product details, pricing structures, and cost data provided by individual suppliers, which may be considered as confidential information should not be disclosed to competitors in order to avoid distorting competition. The data collection template included in 0 could guide the collection of information from economic operators.

Secondary Sources

Secondary sources refer to information on the market that is available through desk research. This kind of analysis may provide valuable background information about the market and specific supply related issues and/or suppliers. In terms of general market information, it may include overall market size and other statistics or key suppliers in the market. Specific supplier information may include goods and services supplied by particular firms, company reports, and information about future plans.

The table below provides a list of potential sources of information.

Table 2. Potential source of information for market analysis

Online procurement databases	National public procurement portals (KIMDIS)
	The EU public procurement portal (TED)
Government services	National statistics
	National research institutes
	Business registers
	Enterprise bodies targeting SMEs
	Industrial development agencies

	Contracting authorities with similar needs
Representative Industry bodies	Chambers of commerce and industry
	Trade associations
Specialist commercial organisations	Many commercial organisations have data that may be useful when gathering supply market information
Other	Specialised journals
	Internet search engines
	Media sources

After completing the secondary and primary research, it is helpful to consult with the users of goods/services/works, including technical specialists. Individuals may have a good understanding of the supplier base and of the supply issues in a particular market and can provide a valuable check on information obtained from primary or secondary sources. It is important to ensure the information is current and relevant to the procurement objectives.

3. *Analyse the market data*

The collected data should be analysed to identify key market trends, supplier capabilities, and potential risks. The analysis should focus on:

- **Market Trends:** Changes in supply and demand, pricing fluctuations, and technological advancements.
- **Supplier Capabilities:** The ability of suppliers to meet the procurement requirements in terms of quality, quantity, and delivery timelines.
- **Risks:** Potential risks related to market conditions, such as supplier shortages, price volatility, and regulatory changes.

Market analysis will enable the contracting authority to decide how to proceed with the procurement procedure (e.g. use a framework agreement), develop the administrative aspects of the procurement, create a financial estimate of the contract, choose the most appropriate tender procedure (taking into consideration that open tender is the standard procedure), develop the tender specifications, and address challenges related to SME participation (e.g. split the contract geographically).

4. *Prepare market analysis report*

The final step in the market analysis process is to prepare a comprehensive report that summarises the findings. The report should include:

- Record of the information sources used
- A summary of the information collected such as market trends and supplier capabilities
- The conclusion of the market analysis

CONCLUSION

Effective market analysis is an essential component of the procurement process. It can help procurement practitioners better define procurement requirements, select the appropriate procurement procedure, analyse and evaluate bids and identify the best solution in terms of outcomes, price and risk. However, it

can be a high-risk stage in the public procurement process from the perspective of integrity. This risk can be mitigated by following a set process like this checklist.

Market Information Collection Template

The below template could be used to collect market information for economic operators once the product category(ies) for which a market survey is necessary has been defined.

Company Name	
Contact Person	
Position Within the Company	
Email Address	
Telephone Number	
Office Address	
SECTION ONE - COMPANY PROFILE	
1.1: When was the company established?	
1.2: How many locations and where are the locations?	
1.3: Number of Employees	
1.4: How would you categorise this business (Micro, Small, Medium, Large)¹:	
1.5: Identify your core business	
1.6: Recent mergers/acquisitions or any planned in the near future	
1.7: Total annual turnover for each of the preceding 3 years	
1.8: Any other relevant information	
SECTION 2 - INFORMATION ON RELEVANT EXPERIENCE	
2.1: If you have experience of providing any of the mentioned goods / services / works to public sector bodies, please provide the following details:	
2.1.a: Client Details	
2.1.b: Contract Value	
2.1.c: Contract Duration	
2.1.d: References	
2.2: If you have experience of providing any of the mentioned goods / services / works to other organisations that you consider relevant, please provide the following details:	

¹ [EU Business Classifications](#)

2.2.a: Client Details	
2.2.b: Contract Value	
2.2.c: Contract Duration	
2.2.d: References	
SECTION 3 – GOODS/ SERVICES/ WORKS DETAILS	
3.1: Identify which goods / services /works you provide.	
3.2: Relevant information about the goods/services/works you provide (e.g. key characteristics, prices, delivery time).	
3.3: Based on your current client base, what % of your contracts are with public bodies?	
3.4: What value of contract you consider to be relevant to your company?	
SECTION 4 - ADDITIONAL INFORMATION	
4.1: From your perspective, what would be the main factors that contracting authority should take into account when choosing selection and award criteria: <ul style="list-style-type: none"> • Financial Proposal • Technical and Professional Ability • Quality Assurance or Other Relevant Standards • Previous Experience 	
4.2: Does the company provide environmentally friendly solutions?	
4.3: Does the company provide innovative solutions?	
4.4: If there are any other areas of interest that we have not addressed that you wish to mention, please provide any additional information or commentary you believe is relevant and of use in this process.	

Market Analysis Report Template

Objective of the Procurement	
Date of the analysis	
[Briefly describe the objective of the procurement, including using a functional approach to describe the need to be met. A functional approach to needs defines outcomes rather than inputs or standards by describing the desired performance level or results rather than a specific solution.]	
Market Information	
Potential solutions and substitutes	[Briefly describe the solutions and substitutes available on the market or under development.]
Potential suppliers	[List the identified potential suppliers and add any relevant information about their size (e.g., large company vs SME), geographical location and coverage, turnover, years of experience, etc.]
Prices	[Summarise key pricing data for the identified solutions.]
Life cycle costs	[Summarise key life cycle cost data (e.g., operating and disposal costs) for the identified solutions.]
Delivery time	[Summarise the delivery timeline for the identified solutions.]
Quality	[Summarise any quality considerations for the identified solutions.]
Strategic policy goals	[If relevant, summarise how the identified solutions can support strategic policy goals.]
Market trends	[If relevant, summarise the key market trends.]

Risks	[List key market-related risks (e.g., supply chain risks, collusion by potential bidders, lack of competition)]
Current contracts (if relevant)	[Briefly describe the performance of the supplier or suppliers under the current contract, including both positives and negatives.]

Market Analysis Conclusions

[Summarise the conclusions of the market analysis. This could include key findings on:

- The solutions available
- The supplier base (number of potential suppliers and their size)
- Pricing trends
- Opportunities to incorporate strategic policy goals
- Risks

Focus on the key points that should influence the design of the tender for this specific procurement.

Be concrete on how the findings should influence the design of the tender. For example, this could include dividing the contract into lots or publishing a pre-procurement notice.]

Information Sources Used

[Briefly list the information sources used to inform the market analysis]