

GAO Highlights

Highlights of [GAO-15-8](#), a report to the Subcommittee on Financial and Contracting Oversight, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The federal government spends hundreds of billions of dollars annually to acquire goods and services from the private sector to support agency missions. Market research—the process used to collect and analyze data about capabilities in the market that satisfy agency needs—is critical to inform decisions about how best to acquire these goods and services.

GAO was asked to examine how federal agencies conduct and use market research. This report assesses (1) selected agencies' market research guidance and policy and (2) how selected agencies conducted market research on selected procurements. GAO reviewed federal regulations and market research policy and guidance at DOD, DHS, and DOT—three agencies GAO selected based on fiscal year 2012 contract obligations and the mix of products and services procured. GAO also reviewed policies and guidance issued by the FAA, which is not subject to the Federal Acquisition Regulation. To assess how market research was conducted on individual contracts, GAO reviewed a nongeneralizable sample of 28 contracts selected based on dollar value and analyzed contract files.

What GAO Recommends

To inform future acquisitions, GAO recommends that the Secretary of Transportation update its market research guidance and the Secretaries of Defense and Homeland Security take action to ensure their acquisition personnel clearly document the basic elements of the market research that was conducted. The agencies concurred with these recommendations.

View [GAO-15-8](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or dinapoli@gao.gov.

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MARKET RESEARCH

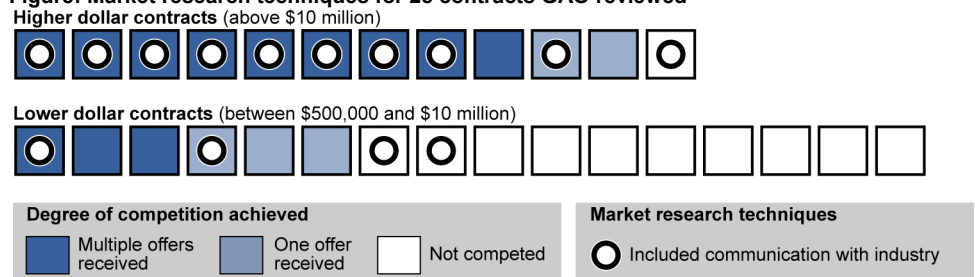
Better Documentation Needed to Inform Future Procurements at Selected Agencies

What GAO Found

Market research guidance at the Departments of Defense (DOD), Homeland Security (DHS), and Transportation (DOT) and the Federal Aviation Administration (FAA) is consistent with federal regulations in terms of market research objectives and builds on the techniques for communicating with industry outlined in federal regulations. All four agencies require that market research be clearly documented and note that documentation can inform current and future procurements. GAO found, however, that the agencies' guidance varied on the specificity of market research documentation. For example, DOD, DHS, and FAA guidance identify specific market research elements to be documented. Based on analysis of these market research elements, GAO identified four elements which, if recorded, would provide an understanding of the research completed. These elements include the market research methods used, when it was conducted, an analysis of vendor capabilities, and a conclusion. DOT's market research guidance did not require specific elements to be documented, which increases the risk that it would not be available to inform future procurements.

All 28 contracts GAO reviewed included some evidence of the market research conducted. The market research conducted on the 12 higher dollar contracts GAO reviewed tended to be more robust and include more techniques that involved outreach to vendors—such as issuing requests for information to industry—which appeared to help promote competition. Agencies did not take advantage of many available market research techniques on the 16 lower dollar contracts GAO reviewed and as a result may have missed opportunities to promote competition (see figure).

Figure: Market research techniques for 28 contracts GAO reviewed



Source: GAO analysis of DOD, DHS, DOT, and FAA documentation. | GAO-15-8

GAO also identified limitations in the market research for seven DOD and DHS lower dollar contracts that appeared to be incomplete or outdated. For example, DHS relied on incomplete information regarding potential vendors' ability to meet its requirement for parking services. Further, in 14 of the 28 contracts, the four agencies did not document one or more of four basic elements that GAO's review of agency guidance identified as important to the ability to understand the research. GAO identified this shortfall most often on lower dollar contracts reviewed at DOD and DHS. Internal control standards state that significant events need to be clearly documented so as to ensure management directives are carried out. Not documenting basic elements of the market research potentially limits the ability of agency acquisition personnel to use market research to inform future procurements, a goal identified in agency guidance.