

MARKET ANALYSIS TEMPLATE

PURPOSE OF THIS TEMPLATE

- This document sets out the activities to undertake when analysing the market for your requirement in advance of a procurement commencing.
- Useful analysis tools have been provided for you to complete which will aid you through the process.

GUIDANCE FOR COMPLETING THIS TEMPLATE

- STEP 1 – Research the market for your requirement.
- STEP 2 – Conduct in-depth supplier analysis.
- STEP 3 – Understand the contractual mechanics applicable for your requirement.
- STEP 4 – Compile your findings to determine your procurement strategy.

STEP 1 – RESEARCH THE MARKET FOR YOUR REQUIREMENT

Conduct internet research to gain an understanding of the market relevant to the goods, services or works that you require. This will enable you to understand the size of the market and your relative importance within the marketplace, as well as appreciating the structure of the market and any supply chains that operate within it.

Useful sources of information include:

Industry journals / websites:	<ul style="list-style-type: none"> • Most industries often have a recognised journal or website that includes industry specific, news, data, and information.
Trade bodies / associations:	<ul style="list-style-type: none"> • Industries often have a trade body or association which sets out the rules and working practices for operating within that industry.
Independent information sources:	<ul style="list-style-type: none"> • Various organisations exist to provide independent information about companies operating within an industry, such as public document filings, financial data, company ownership, and subsidiary structure.
Company websites:	<ul style="list-style-type: none"> • Websites provide a wealth of information about a company's structure, operation, financial status, and future direction, through business news and public documents such as corporate strategies, annual plans, and investor relations webpages.

STEP 2 – CONDUCT IN-DEPTH SUPPLIER ANALYSIS

Identify the key players in your market and research them thoroughly to understand their size and market dominance. From geographic locations / coverage, to target customers and competitive advantage, it's important to understand the context in which they operate.

A SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis can be completed for each supplier or supplier type which will make it easier to compare them against each another:

	Strengths	Weaknesses
Internal	<ul style="list-style-type: none"> • Expertise. • Reputation. • Cost. • Project management. • Speed of delivery. • Easy to use. • Quality. • Communication. • Processes. • People. • Innovation. • Social value. 	<ul style="list-style-type: none"> • Expertise. • Reputation. • Cost. • Project management. • Speed of delivery. • Easy to use. • Quality. • Communication. • Processes. • People. • Innovation. • Social value.
External	Opportunities	Threats
	<ul style="list-style-type: none"> • Enter new markets. • Develop new offering. • Reduce costs. • Add new customers. • Expand to a new geographical area. • Launch marketing campaign. • Recruit new people. • Open new locations. • Purchase competitor. • Increase of quality of offering. • Reduce risk. • Speed up time to deliver. • Raise morale. 	<ul style="list-style-type: none"> • New competitor. • Existing competitor expands/ creates new offering. • Increasing supplier cost. • Decreasing market demand. • Production / delivery disruption. • Increasing customer dissatisfaction. • Decreasing quality of work. • Acts of God. • Loss of key people. • Systems becoming obsolete. • Loss of key suppliers. • Customer inability to pay.

Understand the competitive rivalry within the market by examining market forces through the use of Porter's 5 Forces analysis:

Buyer power:	<ul style="list-style-type: none"> • Number of customers. • Size of each order. • Differences between competitors. • Price sensitivity. • Ability to substitute. • Cost of changing.
Supplier power:	<ul style="list-style-type: none"> • Number of suppliers. • Size of suppliers. • Uniqueness of service. • Your ability to substitute. • Cost of changing. • Innovation. • Social value contribution.
Threat of new entry:	<ul style="list-style-type: none"> • Time and cost of entry. • Specialist knowledge. • Economies of scale. • Cost advantages. • Technology protection. • Barriers to entry.
Threat of substitution:	<ul style="list-style-type: none"> • Substitute performance. • Cost of changes.
Competitive rivalry:	<ul style="list-style-type: none"> • Number of competitors. • Quality differences. • Other differences. • Switching costs. • Customer loyalty.

Anticipate the future direction of the market and identify any external market factors that can influence a procurement, by conducting a PESTEL analysis:

Political:	<ul style="list-style-type: none"> • Government policy. • Political stability. • Corruption. • Foreign trade policy. • Tax policy. • Labour law. • Trade restrictions.
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Economic:	<ul style="list-style-type: none"> • Economic growth. • Exchange rates. • Interest rates. • Inflation rates. • Disposable income. • Unemployment rates.
Social:	<ul style="list-style-type: none"> • Population growth rate. • Age distribution. • Career attitudes. • Safety emphasis. • Health consciousness. • Lifestyle attitudes. • Cultural barriers. • Social value.
Technological:	<ul style="list-style-type: none"> • Technology incentives. • Level of innovation. • Automation. • Research and development activity. • Technological change. • Technological awareness.
Environmental:	<ul style="list-style-type: none"> • Weather. • Climate. • Environmental policies. • Climate change. • Pressures from non-governmental organisations.
Legal:	<ul style="list-style-type: none"> • Discrimination laws. • Antitrust laws. • Employment laws. • Customer protection laws. • Copyright and patent laws. • Health and safety laws. • Procurement laws.

STEP 3 – UNDERSTAND THE CONTRACTUAL MECHANICS FOR YOUR REQUIREMENT

Gain an understanding of the contractual mechanics which are applicable to the goods, services or works which you require. These can include:

Terms and conditions:	<ul style="list-style-type: none"> Standard terms and conditions commonly used within the market, which can include model forms of contract.
Pricing elements:	<ul style="list-style-type: none"> Different elements of price (such as material costs, labour costs, transportation costs, energy costs, and overheads) which influence the final price you pay.
Contracting vehicles:	<ul style="list-style-type: none"> Any contracting vehicles which exist within the market which provide opportunity for you to purchase your requirements through an already established arrangement.

STEP 4 – COMPILER YOUR FINDINGS TO DETERMINE YOUR PROCUREMENT STRATEGY

Compile the information gathered in **STEPS 1 to 3** and use the findings to make informed procurement decisions that will help you to determine your procurement strategy, which will:

Prioritise:	<ul style="list-style-type: none"> Successful delivery of procurement outcomes. Achievement of value for money. Stakeholder satisfaction.
Maximise:	<ul style="list-style-type: none"> Innovation. Social value. Commercial position.