QUICK TIPS

# MARKET BASKET ANALYSIS

**Policy and Procedures Must Include:**
*Note: To utilize Market Basket Analysis, it must be included in SFA Policy and Procedures.*

- A written procurement plan and the processes for using the Market Basket Analysis
  - Be sure to include the cost analysis process and addition of goods
- Language conforming to State, local, and tribal laws and regulations, applicable to 2 CFR Part 200
- The percentage of the estimated total purchase value used to determine the representative sample to be evaluated (recommended minimum is 75% of the value)

**Solicitation/Contract Must Include:**
*Note: Cannot be utilized for awarding of equipment or services contracts (i.e. pest control)*

- Language that allows for Market Basket Analysis
- Clear/accurate descriptions and estimated quantities of goods
- Pricing for all items prior to award, including items that were not in the market basket analysis
- Reasonable pricing on all items, even those not being evaluated
- Percentage of the estimated total purchase value used to determine the representative sample to be evaluated (recommended minimum is 75% of the value)

**Existing Contracts or Renewals When Adding Items:**

- The option to add goods must be included in the original solicitation and contract
  - Must have stated percentage limit on additions (recommended is 10% of the value)
- Total contract value may not exceed the limit specified in the solicitation and contract
- Goods added to the contract must be included in a contract amendment
- SFA must maintain records of all additional goods purchased to ensure limit is not exceeded

## SAMPLE LANGUAGE

**To utilize Market Basket Analysis:**
“The Market Basket Analysis sample is established to **represent [75] % of the total estimated value of the contract** to be awarded. The most recent velocity/sales report from our current supplier(s) was used to project the balance of the year and adjusted for any estimated change in menu and participation for the following year. As a result, the list of [100] goods to be purchased under the solicitation includes the top [60] goods purchased by dollar volume **representing the [75] % threshold**. Prices for the remaining [40] goods listed in the solicitation should also be included, though they will not be a part of the market basket analysis.”

**For Additions and Renewals:**
“During the term(s) of a contract awarded under this solicitation, additional purchases not included in this solicitation list and resulting awarded contract may become necessary and benefit the Program. Both parties agree that the aggregate value of added purchases during each year of the contract, **if renewable, shall not exceed [10] % of the estimated total value of the contract**. The total value of the contract must be agreed upon and the dollar value listed in every contract and contract renewal. Such additions may be included in the awarded contract list during the contract renewal through a contract amendment, and the total contract value adjusted accordingly. For each contract renewal, the total actual value of the contract in the preceding year and the additions made during the contract term will be the basis for determining the maximum dollar amount (not to exceed [10] %) of additional goods that will be allowed during the next contract renewal year.”

For additional information refer to FD-144, SP 04-2018, SFSP 01-2018, CACFP 04-2018 Market Basket Analysis when Procuring Program Goods and Modifying Contracted-For Product Lists.

**Florida Department of Agriculture and Consumer Services**

*This institution is an equal opportunity provider.*