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OPINION

Woolley Marketing: Open tender, closed tender, or why not no tender?

In his regular column for Mumbrella, Trinity P3 founder and global CEO Darren Woolley tends to an "unconventional approach".

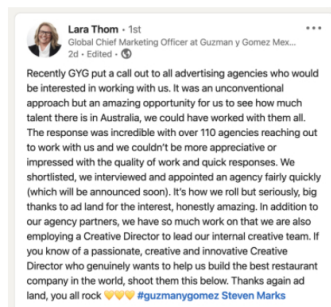
August 11, 2021 9:16
by [DARREN WOOLLEY](#)



There is a common procurement process called the 'open tender'. This is where an open invitation is extended to anyone and everyone interested to tender for a particular contract. In days passed, the invitation was run in the Classified Advertising pages of the newspapers either under 'Public Notices', or often appeared in its own section called 'Tenders'. In a digital world there are online directories and portals where you can register and be notified when a suitable tender is listed.

The Open Tender is a particularly popular approach used by government everywhere. In this way those running the tender can argue that they have considered all possibilities without fear or favour. When it comes to marketing and particularly advertising tenders, this approach is not as popular for many pragmatic reasons I will get to later. But in the parlance of modern dating, Open Tenders are like dating everyone on Tinder rather than inviting a selected few through Bumble.

So, you can imagine my surprise when on LinkedIn I read a post by the global chief marketing officer of Guzman y Gomez Mexican Taqueria thanking the more than 110 advertising agencies who had enthusiastically responded to and participated in their agency tender process.



In CMO Lara Thom's own words, "it was an unconventional approach". To date the post has almost 200 response and ten comments. You can check it out for yourself [here](#).

Of course, the alternative to an Open Tender is a Closed Tender.

Open Tender: def: A Tender that allows a wide range of Suppliers to Bid without restriction.

Closed Tender: def: A Tender where the number of Suppliers invited to Bid, is limited to a small, select number that are deemed to be able to meet the Tender requirements.

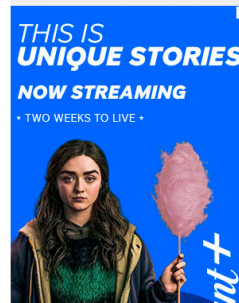
The reason Open Tenders are an 'unconventional approach' for professional services is they end up delivering less than optimal results. Some of the key issues, I originally shared [here](#) a decade ago, are:

1. Attracting less than qualified suppliers – with more than 100 agencies applying, it is difficult to imagine all were suitably qualified.
2. Highly successful suppliers boycotting the process – many of the more successful agencies, in high demand, are unwilling to subject themselves to this random turkey shoot approach.
3. Damaging the relationships with incumbent vendors – this ultimate beauty parade sends a message to incumbents and the market that the role could be filled by almost anyone.
4. Increasing the time and resources required – imagine the hours and days required to wade through the more than 100 submissions looking for the few diamonds in the rough.
5. Not achieving a sustainable outcome – as an Open Tender is better suited to commodity sourcing rather than selecting an agency with which to build a long-term collaborative relationship.

But then again, Thom says she achieved the result she wanted and thanks the industry for their enthusiasm and hard work. Considering the participating agencies entered this process with a less than one percent chance of winning, I am just wondering how the more than 100 unsuccessful agencies are feeling now about the process, and more particularly the brand?



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You could say 'who cares?' Because it is highly likely that if, in three years' time Guzman y Gomez did the same again, the same one hundred-plus agencies will be throwing their cap into the ring to try again.

Of course, in three years' time there is an alternative to running a tender again, just because the contract has ended. And it is not the choice between an open or closed tender, but the possibility of no tender. Because increasingly marketers are realising that tendering their agencies every three to four years is not delivering them better outcomes.

Instead, for all the disruption of the tender, marketers will more likely than not end up with a new agency (the data suggests the incumbent has only a 20% of retaining the business), very likely at a lower cost, and facing six months getting this new agency team up to speed on their brand, business and category, during the inevitable but short-lived honeymoon period.

The alternative is this: if the agency is performing well, then don't get talked into a tender, either open or closed. Instead look at doing a deep, commercial review to work out where the current value in the relationship is being under-delivered and how both parties can improve the value and performance from that point on.

Until then, open tenders are generally for marketers who have way too much time on their hands. Closed tenders are a more manageable and easier approach, but still disruptive. So, perhaps it is worthwhile considering the third option, and not tender at all.



Darren Woolley is the founder and global CEO at Trinity P3. Woolley Marketing is a regular Mumbrella column.

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