



October 20, 2004

ERA Interviews Ken Wiseman, CEO  
AMS Fulfillment (Advantage Media Services, Inc.)

1) Ken, you have been involved in this industry for some time, and have been with AMS for over 13 years. How did you get involved in direct response and why?

Proposed question: Ken, you have been involved in the fulfillment industry, much of that in Direct Response, for over 13 years. How did you get involved in direct response and why?

I like the fast pace, excitement, teamwork, and controlled risk of participating in direct response programs. Direct response requires coordination of many vendors in the vertical, including media buyers, production and marketing groups, financing entities, merchant providers, telemarketers, and of course fulfillment providers. A successful program can branch out quickly leveraging other direct to consumer channels ultimately hitting retail. Direct Response decision makers expect fulfillment providers like AMS to participate in the marketing strategy, and success of their campaigns. The industry is packed with entrepreneurial spirit, creativity, risk takers, and competitors playing to win. I enjoy knowing that I contributed to many of the winning campaigns, but conversely also feel I've been responsible in helping others mitigate their risks and critically evaluate their entry into this approach to product sales.

2) What are the most crucial elements for successful fulfillment? Why do your clients choose to utilize your services when trying to fulfill a product?

AMS has established a reputation for paying attention to the details, proactively being involved in the design of successful campaigns, and responsive to the real time demands of a product launch. The following areas are key focus items:

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- \* Inventory should be available to allow assembly, packing and shipping to be well coordinated with the product offer commitments.
- \* Bank settlement should occur in close alignment with both shipping and return processing to minimize customer care calls and charge backs.
- \* Orders must ship timely and accurately.
- \* The proper shipping and packaging methods should be scrutinized as they can materially impact the marketer's cost.
- \* Pricing should be clear
- \* Data to support fulfillment services should be accurate and easily accessible.

3) Your company works with a variety of clients, ranging from business to consumer to business to business companies. Is there a difference in your fulfillment approach when bringing a product directly to the consumer verses a B2B?

With direct response, sales can look like a series of ski moguls, as the business is marked by the ups and downs of successful and not so successful launches, and also characterized by programs that can mature in weeks versus months or years. Successfully managing the campaigns require the same dexterity and fast judgment of skiing moguls. Forecasting for a Direct Response client is generally estimated by looking back up the hill, as the best metric for the success of a marketer's next campaign lies in their track record. In general, B2B business has a much more predictable sales path, allowing for a more consistent deployment of labor and facility resources, with the time frame of a program's success often extending into years. A healthy portfolio of fulfillment clients usually has a mix of clients so that the infrastructure of the organization is maintained by steady business, while the up-side months come when you are blessed with a number of big DR hits.

4) What are the biggest changes you have seen this industry undergo in the past five years? Where do you see DR, and especially fulfillment, heading in the next five?

Direct to consumer marketing has become embraced as a component of a multi channel marketing strategy. This has made the stand alone performance of a product in any one channel less significant to the overall product sales and profitability. This means at times, a successful campaign can involve a

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marketer successfully performing at a loss or breakeven during the direct response portion, only to sell materially more in retail.

The industry is attracting more professionals and traditional direct to retail brand marketers. Sadly many enter the direct to consumer market and rely on traditional advertising, rather than leveraging those marketers that have a proven track record in the DR space. The result with these marketers has been some disenchantment with the DR channel. I believe that this is changing as more recognition is directed towards the tremendous niche marketers that have developed in the DR arena.

Marketing a product has become less dependent on the corresponding ownership and brick and mortar management of the goods. More and more manufacturers are turning to fulfillment providers to leverage drop ship relationships with marketers that drive sales for their goods, yet do not take ownership until the product is shipped to the consumer. Fulfillment companies have tremendous experience navigating complex IT integrations, and are becoming a growing resource to use in establishing virtual stores with multiple trading partners and marketing partners.

Finally, there is no doubt that technology is playing a major part in streamlining the fulfillment process. Technology has reduced cost through more efficient dissemination of information resulting in less customer care and return, while growing efficiencies in the industry have helped drive down general service costs.

5) Why is AMS Fulfillment a member of ERA? What values does an ERA membership bring to your business?

ERA has consistently been the primary catalyst for bringing together the major players in this industry. Given how closely the vertical participants must work to facilitate a successful program, it is important that we gather a few times a year to understand developing trends, and meet new players in our industry. Over the years ERA has consistently attracted leader's in our industry to play roles in the ERA board and staff, thus helping present a unified voice. A voice that has fairly represented our interests over the years.

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