



Home-Based Business

Selling by Mail

Mail order selling is a way to increase your sales without the expense of a storefront or inconvenience of drop-in customers. However, there are specific laws and practices related to mail order sales you need to know.

Consumers who shop by mail have laws to protect them in addition to the laws you are familiar with in running a business. Presented here is an overview of laws and regulations and suggested resources where you can obtain more information. This information applies only to mail order directly with consumers, not to sales with buyers for retail stores who purchase wholesale from you by mail.

Get a license

It is generally necessary for a merchant to obtain a Missouri State Sales Tax License before conducting business in the state. Some counties and municipalities may also require business licenses. Contact the Missouri Revenue Department, 301 High

Street, Jefferson City, Missouri 65102; your local law enforcement agency; and county/city offices to determine licensing requirements in your area.

Learn mail order rule

You may not be familiar with the mail order merchandise rule enforced by the Federal Trade Commission (FTC). Yet it is most important to conducting business by mail. The mail order rule provides that:

- The buyer must receive the merchandise when the seller promises it.
- If the buyer is not promised delivery within a certain time period, the seller must ship the merchandise *no later* than 30 days after the order is received.
- If the merchandise is not received within that 30-day period, the buyer can cancel the order.

Under this rule, it is your

responsibility as the seller to notify the customer if the promised delivery date (or the 30-day limit) cannot be met. You must indicate a new shipping date and offer the consumer the option to cancel the order or agree to the new shipping date. You must also provide the customer with a stamped envelope, a prepaid post card or some other way to send back an answer at no cost to the consumer.

If the consumer cancels the order, a full refund must be mailed within seven business days after you receive the order cancellation. In the case of credit card orders, you have to make the adjustment to their account within one billing cycle after being notified to cancel the order. If you followed the proper procedure in notifying the customer and she/he does not answer your first notice of shipment delay (and the revised shipping date is 30 days or less), you may assume the customer is agreeing to the later shipping date.

This publication was written by Mel Zelenak, associate professor of family economics and management at the University of Missouri-Columbia. It is one in a series of publications on home-based business and part of a project called Alternatives for the '80s to help generate more income for Missourians.

The mail order rule does not apply to orders placed by phone. In addition, you may not want to take phone orders unless you can take credit card payment or are willing to ship COD.

Set up return policy

One problem with the mail order business is that sales are generated through means other than direct viewing. Thus, the customer may not get what he or she thought was ordered, even though you thought your written description and/or photograph was perfectly clear. Therefore, it is wise for you to establish a return policy and send copies of it with each order. The return policy should include:

- The reasons you will or will not accept for return of merchandise.
- The address the customer should use to return merchandise.
- Your preference of shipper (Post Office or UPS), if any.
- Any time limit you have on merchandise return.
- How the customer should re-pack the merchandise.
- What to do about damaged goods.

Usually a seller does not have to accept return of merchandise just because it does not suit the customer's fancy as long as it was the item he or she ordered and your description of the item was honest. Be sure you have given customers an

order number on the invoice. They can refer to it in contacting you about return. You will probably want to insure shipments against damage in transit so the shipper will be liable for such damages.

Handle complaints well

Remember that how you handle consumer complaints may determine whether you get referrals or another order from a person. Be courteous and helpful and provide as much information as possible. It will be good for your reputation and the reputation of Missouri's mail order industries.

If disputes arise you may want to consider small claims court. All states have a small claims law and a court division to decide such disputes. Missouri's law allows consumers and businesses to file a claim. Small claims court is quick and inexpensive. Cases are usually heard within one month after being filed, and the fee is about \$10. An attorney is not required. Cases may be filed for \$1,000 or less in money damages. For more information, contact the Small Claims Division, at your County court house.

Learn about laws

Other laws may apply to your business. For example, the Merchandising Practices Act of Missouri requires that you be truthful in the sale or advertising of your products. The Trade Offense Division, Office of the Attorney General, P.O. Box 899,

Jefferson City, Missouri 65102, can instruct you on the provisions of this law. Consumers are also protected against false advertising by the Federal Trade Commission and Postal Service regulations. One way to determine if an advertisement is deceptive is to contact these enforcement agencies and request their opinion. You may also ask friends and potential customers to review the ad. If they feel misled by the ad, it is probably wise to rewrite it. You may want to test a product brochure in this manner as well.

Besides your mail order sales, you may conduct business in such a way that other laws apply. Unordered merchandise, door-to-door sales and credit card regulations may need to be explored for your business. Following is a list of FTC publications which may be useful to you in learning about the laws related to your business. To get copies, contact: FTC, Room B-3, 6th and Pennsylvania Avenue NW, Washington, D.C. 20580.

Consumer-Oriented Pamphlets

Holiday Shopping: by Phone or Mail?
Make Knowledge Your Partner in Mail Order Shopping
Mail Order or Phone Order?
Shopping by Mail

Merchant-Oriented Publications

A Business Guide to the Mail Order Rule
Buying by Phone: A Guide for Small Businesses and Organizations
Getting Business Credit
How to Advertise Consumer Credit
Writing a Care Label: How to Comply with the Amended Rule (for fiber products)

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