

TGI Direct Fulfillment Trade Customs

As developed by the Mailing and Fulfillment Service Association

1. **QUOTATIONS:** Subject to acceptance within 30 days. Quotations are based on the cost of services, labor and materials on the date of the quote. If changes occur in cost of materials, labor, or other costs prior to acceptance, the right is reserved to change the price quoted. Subsequent orders will be subject to price revision. Quotations do not include charges for: postage, telephone company charges, communication transmissions, taxes, freight, parcel shipments, pickups or deliveries, credit card processing fees, and packing materials unless specifically stated in the quotation.

2. **CANCELLATION:** Fulfillment requires a significant commitment of skilled personnel, systems and space that take time to redeploy and absorb, thus requiring advance notice of cancellation. Orders may be canceled by the customer after 90 days prior notice in writing with the understanding that the fulfillment house will be compensated in full for any work or services performed through the date that services will be terminated, plus costs involved in scrapping or preparing the material for shipment, the cost of preparing a final inventory, and the cost of any goods or services purchased prior to cancellation.

3. **ALTERATIONS/SPECIFICATIONS:** Prices quoted are based upon the fulfillment house's understanding of the specifications submitted and the samples provided. If there is a change in specifications, instructions, systems, packaging or volume resulting in additional costs, the work performed will be billed at the current or minimum rates, and the entire program or order processing may be delayed.

4. **POSTAGE/FREIGHT COSTS:** Quotations do not include postage or freight. Payment of postage and freight in advance is required on all orders. Postage and freight advances should be paid 15 days before the date required or by cashier's check. An escrow fund or advance equal to anticipated postage/freight for 30-60 days should be established. In special cases and when clearly specified, the fulfillment house may agree to advance postage, prepay freight or accept collect shipments and such advances may be subject to a surcharge.

5. **PROCESSING CHARGES/RETENTION:** Customer is responsible for all bank charges, deposit, check clearing, check verification, merchant account, credit card processing and other fees to service customer's orders. It is a recommended practice for the fulfillment house to use the merchandising account of their customer. In instances where the fulfillment house uses its own merchandising account, fulfillment house may retain or require deposit of funds in a sufficient amount and for a reasonable period of up to 120 days to honor credit card chargebacks, refund requests, returns, etc.

6. **ACCEPTANCE OF ORDER:** The customer agrees that the fulfillment house may refuse at any time to mail any copy, photographs, illustrations or products of any kind that in the fulfillment house's sole judgment is believed not to be in compliance with specific terms of the order, is fraudulent, is an invasion of privacy, is degrading, libelous, unlawful, profane, obscene, pornographic, tends to ridicule or embarrass, or is in bad taste, or which in the fulfillment house's sole judgment is an infringement on a trademark, trade name, service mark, or copyright belonging to others or is in violation of the FTC's Mail or Telephone Order Merchandise Trade Regulation Rule.

The customer also agrees to defend and hold the fulfillment house harmless from and against all damages, costs, expenses (including reasonable attorneys' fees), liabilities, or losses arising out of our resulting from (a) the fulfillment house's acting as customer's agent and (b) the fulfillment house's performance of the fulfillment function on behalf of or in accordance with specifications established and agreed upon by the customer.

7. **MAILING LISTS:** A customer's mailing list(s) in the fulfillment house's possession, for storage or otherwise, is the exclusive property of the customer and shall be used only at the customer's instructions. The fulfillment house shall provide reasonable and prudent protection against the loss of a customer's list, in much the same manner that the customer would itself. This includes adequate backup procedures for all files and programs. Fulfillment house shall pay for the cost of replacing such lists in the event of systems failure, loss by fire, vandalism, theft, or other such causes (excluding destruction of the list due to customer's negligence or willful misconduct), provided that the customer has a duplicate list or has the source material from which the list was compiled. The fulfillment house shall not be liable for compiling such lists nor for an intangible or special value attached thereto.

The fulfillment house is not responsible for the accuracy of lists supplied by the customer or a list broker. The fulfillment house always provides options and means, upon the customer's approval, for individuals to remove their name from any calling or mailing list.

8. MATERIALS: The fulfillment house assumes in all quotations that all material provided will permit efficient handling on automated equipment, and meets equipment manufacturers' specifications. All materials which do not meet acceptable operational standards due to poor folding, facing, trimming, packing, sticking together of material, insufficient leeway between enclosures and envelopes, square envelope flaps or other causes, will be subject to pricing at special rates. Customer will be notified when a deficiency is discovered and approval will be obtained for handling at special rates before proceeding with work, and a new delivery schedule may result.

Collect shipments will be accepted only if customer obtains prior written clearance from the fulfillment house, and, in such event, a service charge will be added to the actual freight charges.

Each incoming carton or skid must bear identification, item code, quantity and a sample clearly visible. Each skid must have only one material version, unless clearly marked and separated. Multiple items should not be included within a single carton, skid or container unless noted thereon and on accompanying paperwork. Fulfillment house will apply a surcharge for any rework necessary for materials received not meeting these specifications.

All items must be clearly coded. Fulfillment house shall not be responsible for picking and packing errors which result from customer's failure to code or any mismarking of items.

Customer is expected to provide fulfillment house with sufficient inventory or adequate sources of supply to meet anticipated demand. Cost for backorders, delay notices, canceled orders and increased customer service resulting from out of stock conditions will be billed additional to customer.

9. SPOILAGE, COUNTS AND SHRINKAGE: All fulfillment, printing, bindery, assembly and direct mail handling and processing involves spoilage. Allowances for spoilage should be taken into consideration in ordering material. Every effort will be made to handle customer's material with frugality and to prevent undue spoilage. Nevertheless, the fulfillment house shall not be responsible for shortages of material as a result of normal spoilage in processing.

Printer delivery tickets must accompany the material delivered, and should show the number of skids or cartons, the quantity per skid or carton, the corresponding item #, and the total delivery quantity.

Fulfillment houses are frequently asked to accept printers' or manufacturers' delivery ticket counts until processing. In such instances, the fulfillment house shall not be responsible for shortages discovered at that time.

There are three categories of shrinkage allowances typical in the fulfillment industry:

A) If the fulfillment company is not authorized to perform any counts of the material received, there will be no independent verification, no realistic ability to develop shrinkage expectations, and the fulfillment company shall not be responsible for any inventory shrinkage.

B) If the fulfillment company performs test counts, spot checks and weight counts, the industry standard for shrinkage is 5% to 10% of the material received. Such counts and spot checks are common methods of verifying material receipts in the fulfillment industry.

C) If the fulfillment company has been paid to count valuable items upon receipt and maintain the counted material in a special secured environment, the standard shrinkage allowances do not apply. In such instances, the fulfillment company shall provide reasonable and prudent care against losses, and shall be responsible for losses that could have been prevented by exercising such reasonable and prudent care.

In all instances, the liability for any losses will be limited to the cost of materials, and not incidental costs, such as loss of sales.

10. LABELS: Labels must be within equipment manufacturers' published specifications for labeling equipment. Quoted prices assume that label placement will either be in an agreed upon position or in the position most advantageous to production speed, or additional charges will be billed.

11. PACKAGING AND INSERTING: Effort will be made to insert material in the sequence and facing the direction the customer requests, but quoted prices assume the most advantageous assembly order and production speeds. Unless otherwise agreed upon, specific sequence or facing may result in additional charges being billed.

Prices quoted assume usage of the fulfillment house's standard cartons, envelopes, and packaging materials. Custom or specified materials may involve additional materials and handling charges and longer lead times.

12. OVERAGES: The customer must advise the fulfillment house, in advance of a job, with respect to the disposition of overs. Overs may be returned to the customer, stored, or destroyed. If items are stored or returned, applicable storage and delivery charges will be added, and at the fulfillment house's option, and without liability to the fulfillment house, material may be automatically destroyed after 60 days if customer has failed to respond to a disposition request or failed to pay for storage. Premium storage rates may be applied to old materials or materials for which disposition has not been assigned.

13. DELIVERY SCHEDULES: Fulfillment house will make all reasonable efforts to meet scheduled delivery dates, but because of the many factors outside its control, accepts no liability for failure to meet scheduled dates if reasonable efforts are undertaken. In addition, fulfillment houses have no control over routine U.S. Postal Service, United Parcel or common carriers' delivery schedules and cannot guarantee when mail or shipments released will be delivered by such carriers. All orders are accepted contingent to fire, accident, act of God, mechanical breakdown or other causes beyond the fulfillment house's control. Since the time element is an integral part of the fulfillment business, quoted prices are based upon a specific set of time schedules for completion. Any requested deviation from the schedules described or agreed upon by both parties at commencement of assignment may alter the quoted price. Late material may affect the completion date of the order by a greater degree than the actual elapsed time the material is late.

14. INSURANCE: Customer retains title to and the insurable interest in its materials. Because of this, the fulfillment company is held harmless for acts not of its doing that create losses. It is the responsibility of the fulfillment house to carry insurance to protect against acts of negligence on the part of its employees in the normal course of business. If specific insurance coverage is desired, such coverage must be specified by agreement or by separate insurance rider and premium. In such instances, the liability for losses will be limited to the agreed upon insurance amount.

15. ERRORS IN FULFILLMENT: Fulfillment house shall be liable only to the extent of re-mailing a correction or correcting a job as soon as possible to rectify the mistake, and damages due by the fulfillment house to the customer shall be limited to the value of the work performed. In no case is the fulfillment house liable for loss of business or incidental or consequential damages or costs in excess of billing for services related to the specific job.

16. DELINQUENT INVOICES: If money is owed the fulfillment house, it may at its option, hold the customer's list or printing or other property against payment of delinquent invoices. "Delinquent" is defined as "past the agreed or specified payment date."

17. VERBAL ORDERS: Written orders are strongly recommended. Verbal orders are accepted with the provision that the final specifications will be those understood by the fulfillment house at the time the work was completed.

MFSA has issued trade customs for the mailing and fulfillment industry for more than 70 years.

*Developed by the MFSA Fulfillment Council and approved by the MFSA Board of Directors on May 6, 1996
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