



Dear Creative Co-Op, Bloomingville, and Illume Retailer,

We are writing to inform you of a surcharge of 8.0% to be applied to all Creative Co-Op Home Decor, Bloomingville, and Illume orders, both in-house and newly placed, effective on all invoices starting 8/15/21.

This is similar to the surcharge we applied to “Seasonal” orders last May. At that time, we shared the primary reason for this surcharge is that the cost of ocean freight has risen to unprecedented levels, the result of both surging demand and global logistics breakdowns. In May, overseas container costs had risen +229% compared to just November of last year. The situation continued to deteriorate over the last two months, and now they are running +500%.

These costs represent a significant portion of our overall product costs. Our hope had been that these historically high ocean freight costs would have subsided by now; however, they have only continued to rise with no end in sight. In fact, it has become increasingly clear that this combination of constrained capacity and unprecedented costs will be with us through at least early 2022. While our initial strategy was to

absorb as much of the cost increase as possible on behalf of our customers, the change in duration and severity of this crisis has forced us to re-evaluate that strategy as we consider our own ability to maintain the service levels you have come to expect from us. Our commitment remains to bringing in as much product as we can to support the incredible demand our retailers have been experiencing and expanding the surcharge to all orders became the only means of achieving this commitment.

Please know that we did not come to this decision lightly. In a year of unprecedented occurrences, we approach each unprecedented new policy with our customers' success as our guiding principle. It is the entire industry's hope that we will return to normalcy in the very near future.

Many of you are members of our Advantage Program, which offers discounts ranging from 10-20% on all orders written. Discounts from our Advantage Program will remain the same as well as the 12/1 dating and/or freight caps that most of you received on your seasonal orders.

Thank you in advance for your understanding,

Your Creative Co-Op Family

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Connect:



Creative Co-Op

webadmin@creativecoop.com • 6000 Freeport Ave. Suite 101 • Memphis, TN 38141