

Acquistion of Sleep Cool by Best Rest

**Analysis to determine if Best Rest
should acquire Sleep Cool**

Group - 8



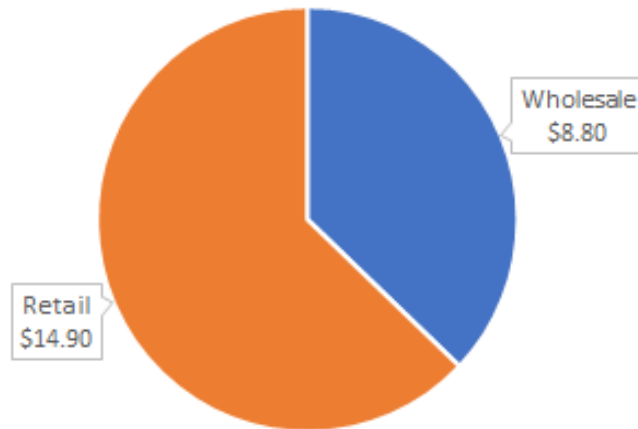
Best Rest should not acquire Sleep Cool



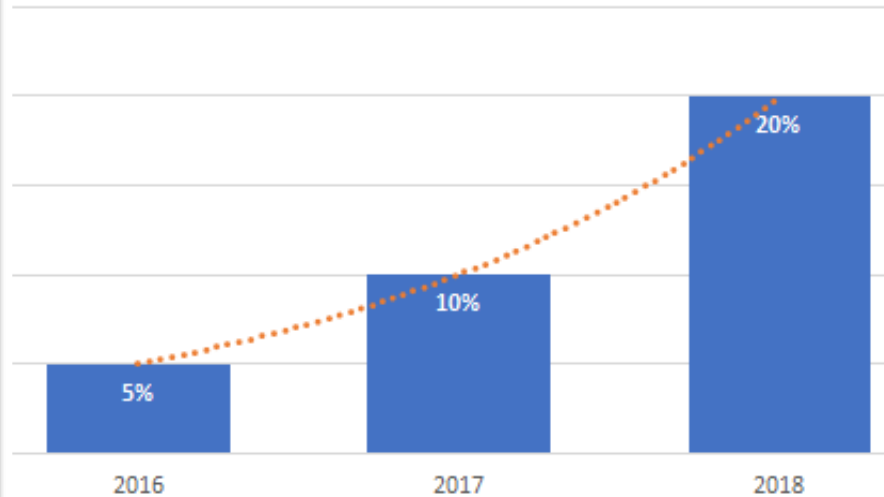
- Sleep Cool's mattress cooling technology works but it's the only differentiating factor.
- Mattress customers are willing to buy a mattress online, but there is still significant demand for in-store purchases.
- Cooling is not as important to consumers compared to other factors.

Mattress Industry is Growing

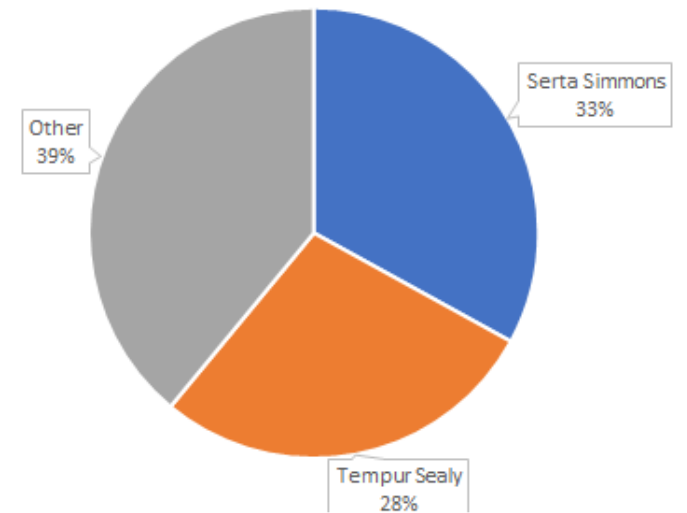
Market Composition in Billions



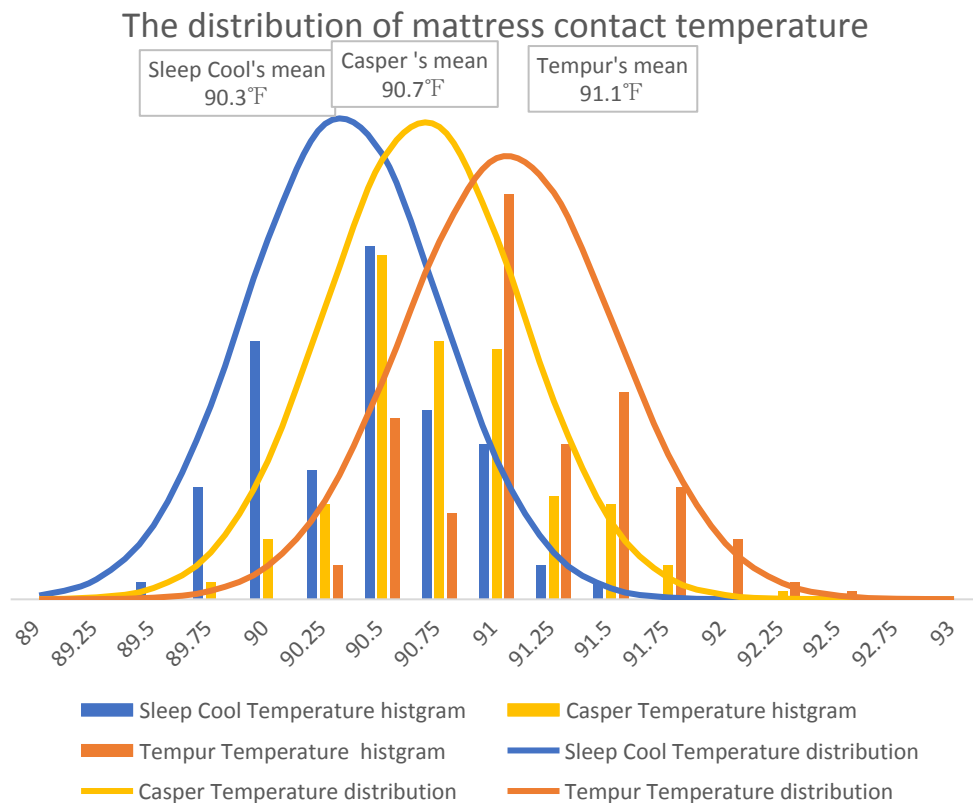
Increase in Direct-to-Consumer Mattress Market



Leading Competitors' Market Share



Sleep Cool's technology works but not substantially



- Sleep Cool's mattress contact temperature before waking is slightly lower than Casper's and Tempur's

p-values	Sleep cool vs Casper	Sleep cool vs Tempur
Temperature	1.27226E-12	8.2669E-11
Deep Sleep	2.68941E-28	2.68941E-28
Awake	1.54839E-09	3.3992E-10

Sleep Cool Mattress performance Vs Competitors

	Sleep cool Vs Casper	Sleep cool Vs Tempur
z	-5.548157467	-6.089634812
p-value	1.44E-08	5.66E-10

Customer Perception of Sleep Cool Vs Competitors

Sleep Cool's mattress does not perform better than its competitors.

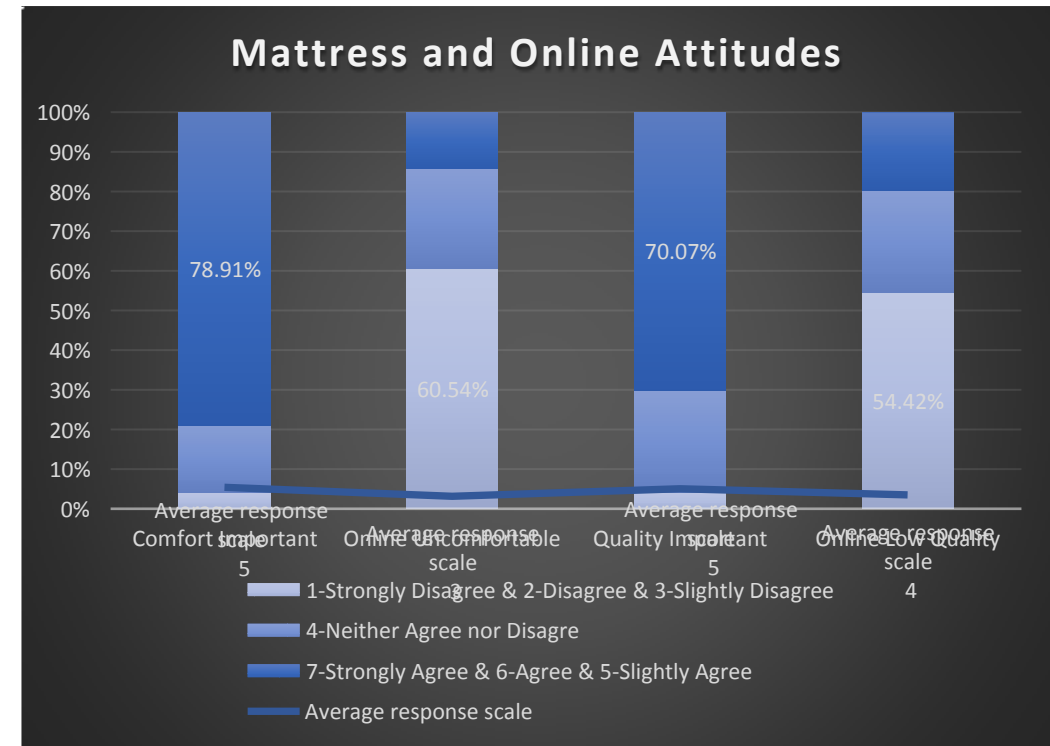
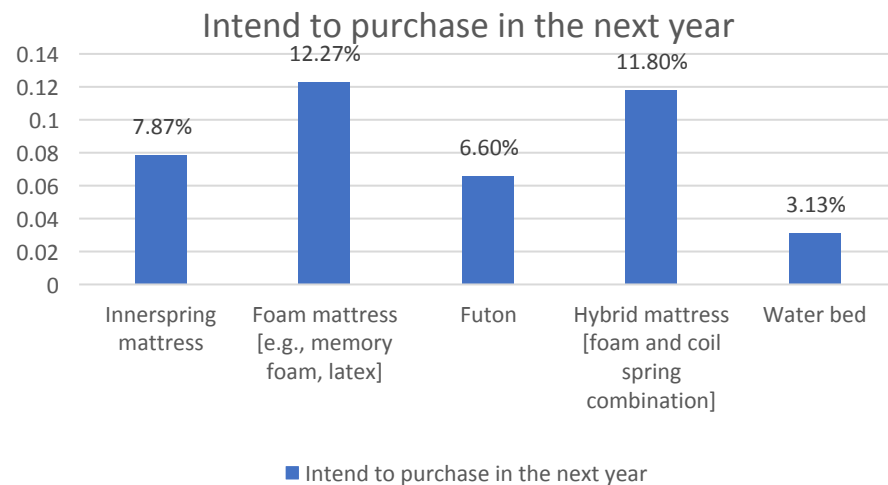
Factors	Brand Comparison
Comfort	Tempur > Sleep Cool > Casper
Support	Tempur > Sleep Cool > Casper
Pressure Relief	Tempur > Casper > Sleep Cool
Cool	Sleep Cool > Casper > Tempur
Like	Tempur > Casper > Sleep Cool
Buy	Tempur > Casper > Sleep Cool

- Sleep Cool's mattress causes a little more uncomfortable pressure on hips or shoulders than Tempur-pedic's
- Except cooling, Sleep cool performs lesser than the other benchmark mattresses.

p value	Comfort	Support	Pressure Relief	Like	Buy
Sleep Cool Vs Casper	0.04	0.03	0.2	0.8	0.6
Sleep Cool Vs Tempur	0.4	0.03	0.9	0.4	0.9
Casper Vs Tempur	0.9	0.5	0.05	0.1	0.7

Customers are willing to buy mattress online, but most still purchased mattress in stores due to comfort and quality concerns.

Responses from mattress customers show that willingness to disagree with the statements that mattresses online are uncomfortable (difference=0.02 p-value=0.018) and of low quality (difference=0.02 p-value=0.011) is not that much.

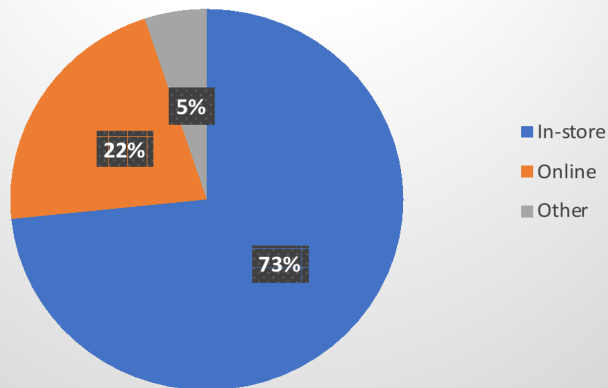


Most online stores only sell Foam mattress and Hybrid mattress, only 57.76% of total purchases can be fulfilled online.

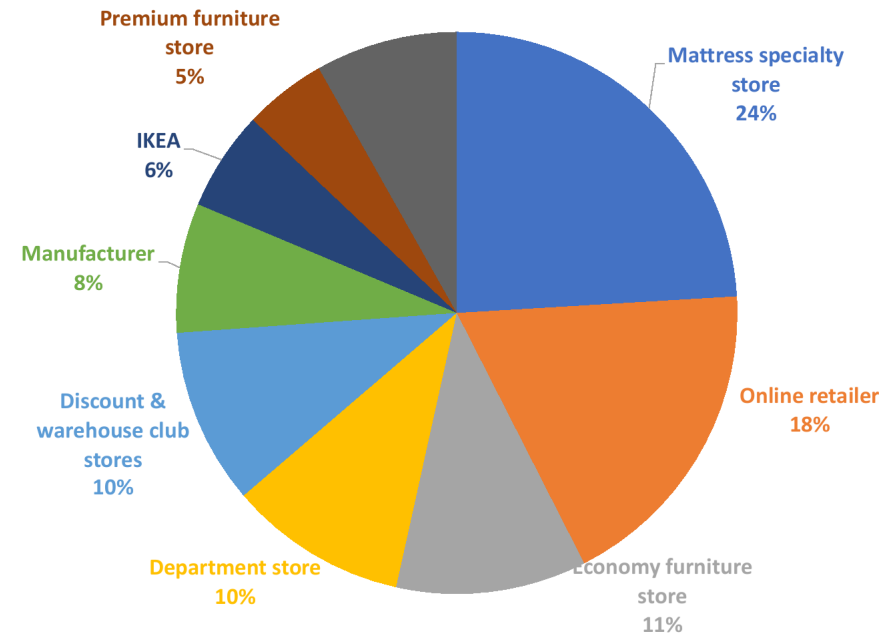
Customers are willing to buy mattress online, but most still purchased mattress in stores due to comfort and quality concerns.

Vast majority of mattress selling are conducted in brick-and-mortar stores, with only 18% happened online in last 5 years

Most Recent Mattress Purchase

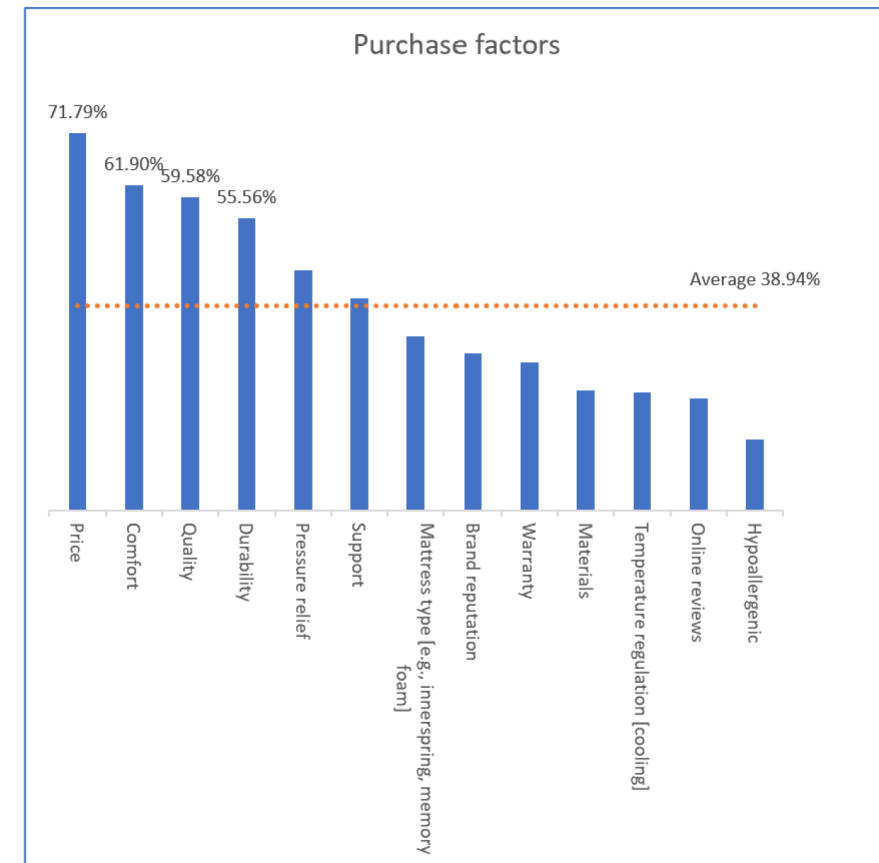


MATTRESS OUTLET TYPE



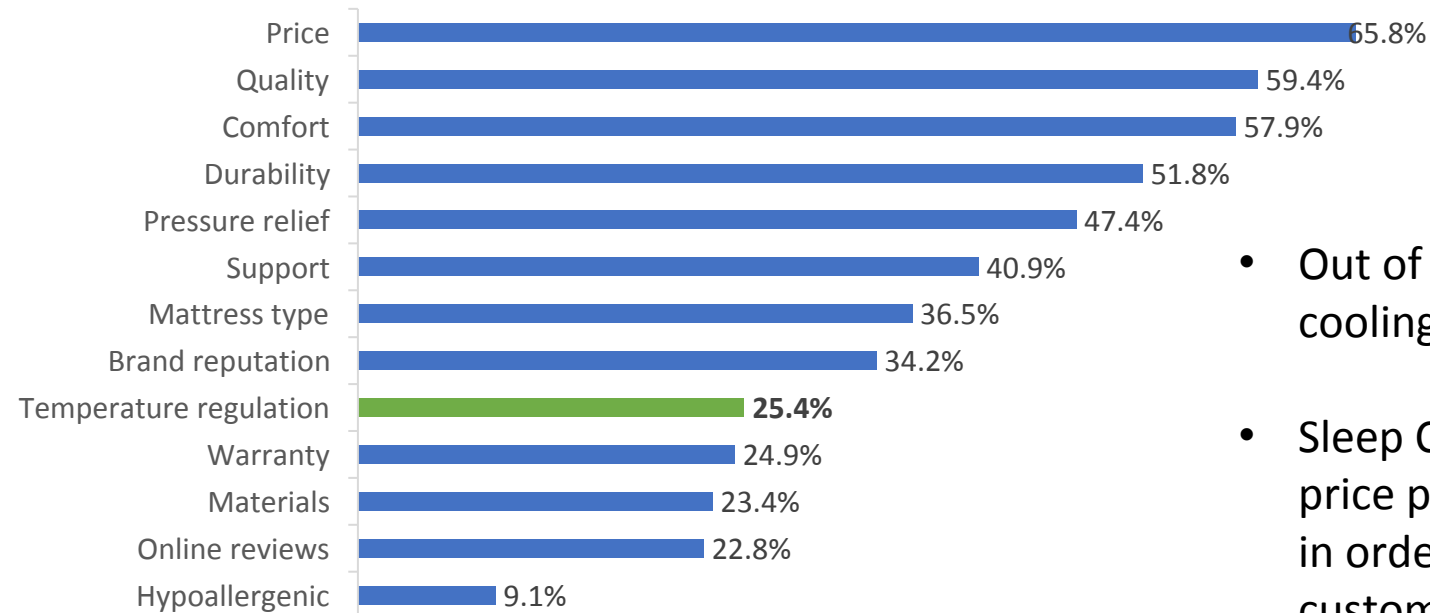
Customers want comfort and Quality

- If Sleep Cool's only selling point is their cooling technology, then our customers are not likely to be interested and there is less opportunity to cross sell.
- Customers do not value price more than comfort (**Confidence Level 95.0% is 4.1 to 4.5**), although price is the top 1 purchase factors.
- Customers value price more than cooling (**Confidence Level 95.0% is 3.7 to 4.05**).
- Sleep Cool must consider Comfort and Quality that offers better sleep as its important factors if Best Rest decides to acquire



Mattress Factors Important to Best Rest Customers

Factors Ranked by Importance



- Out of 13 factors, temperature regulation [i.e. cooling features] are ranked 9th
- Sleep Cool must demonstrate a competitive price point as well as high quality & comfort in order to be attractive to Best Rest customers

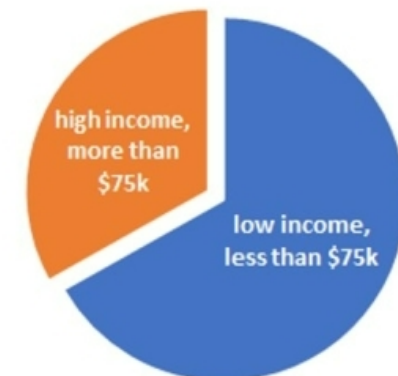
The Best Rest Brand is perceived as a high quality brand



Statistically, Both current and non current customers perceive Best Rest to have better quality products than what is offered online

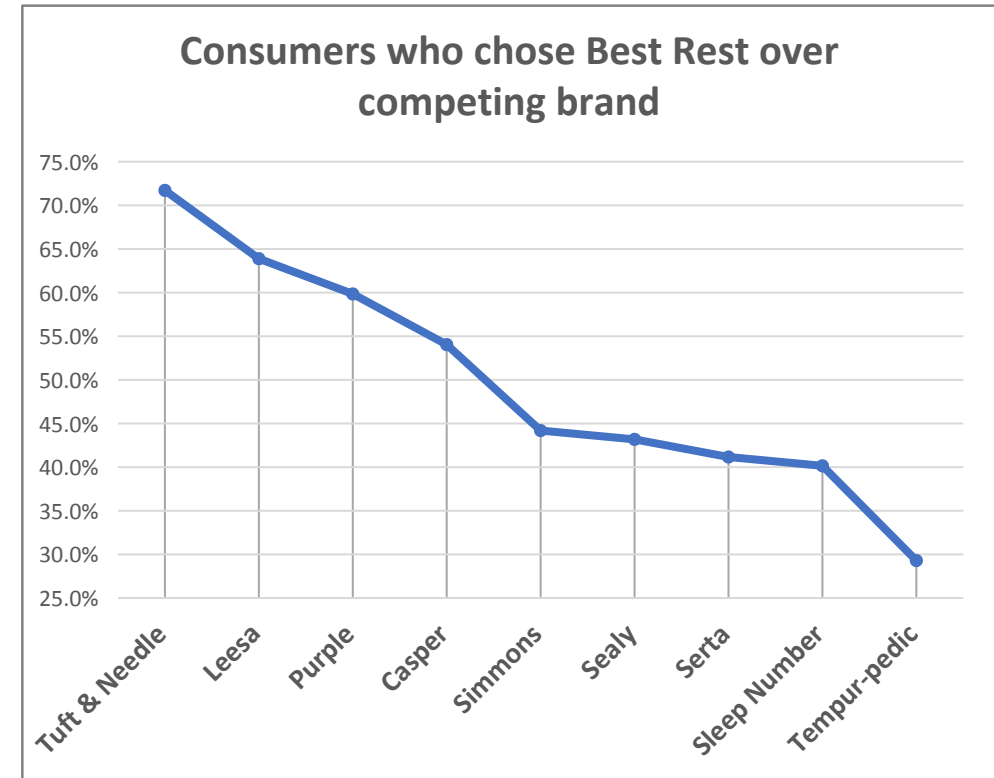
- Consumers with lower incomes typically do not own Best Rest products
- Management should target individuals making more than \$75k

Non-Best Rest Customers



Consumers are likely to prefer a Best Rest mattress over other brands

- Biggest competitor is Tempur-pedic with only 29.3% of respondents indicating they would rather buy a Best Rest mattress
- Ignoring price, consumers showed they were over 50% more likely to buy a Best Rest mattress than they would 4 other brands
- Data suggests more than 25% of people would switch to buying Best Rest mattresses



Next Steps

01

Research a more suitable DCM company that better aligns with the Best Rest brand.

02

Invest in R&D efforts to produce a Best Rest brand mattress that combines high quality and comfort with a cooling technology to differentiate it from competitors.

03

Since 18% of all mattress sales were online in the past 5 years, there is opportunity for Best Rest to be an industry leader in the online retail space.