

Identifying target customers for Best Rest branded, Sleep Cool mattress

Analysts: Tobi Imam, Yin Wang, Xinyi Zheng, Saumiya Lingasamy, Kate Hadley, and Jackie Nylander Altelius



Table of Contents

- I. Executive Summary**
- II. Who are Online Mattress Shoppers?**
- III. What Influences Online mattress purchases?**
- IV. Marketing communications to target customers**
- V. Benefits & Challenges of Acquiring Sleep Cool**



Executive Summary



Best Rest Should Target High Income Non-Millennials who already own a Best Rest Product

I

High Income: These target group have more spending power and are more likely to appreciate the uniqueness & Luxury of Best Rest

II

Non-Millennials: This target group, are most likely willing to invest in a durable and cooler mattress due to different aging concerns/needs

III

Own a Best Rest Product: Customers who already own a product will be an easier target group to market to and could also be willing to purchase a mattress

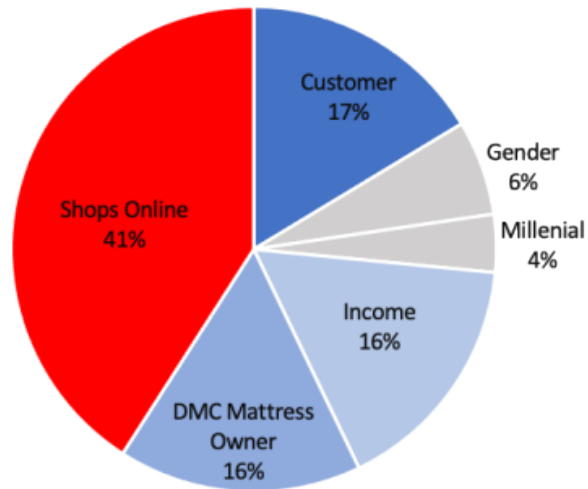


Who are the Online Mattress Shoppers?



Customers who shop retail online are most like to purchase a mattress online

What factors influence Buying Decisions (Propensity to Buy)?



Positive Correlation of 0.69



Retail online | Customer | Income | DMC Mattress Owner



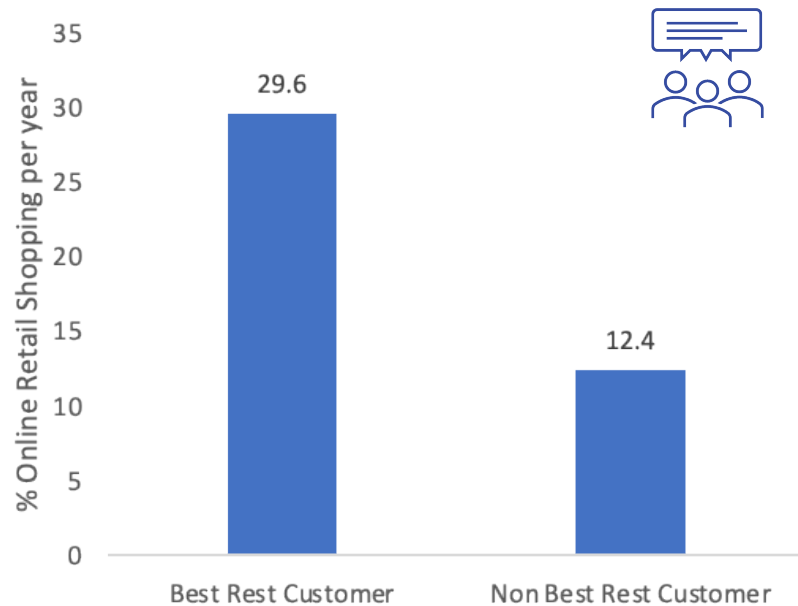
Ran a MLR Regression to determine which factors had significance in determining propensity to buy, the overall model was significant with a F-stat of 70.724 and P-value of 2.6 E-59. Furthermore The t-statistic & p-values of the other factors are as follows. customer (3.3692, 0.00083) , income (2.8366, 0.00479), owns DMC(2.3962, 0.0170) and percent retail online (14.5016, 2.11E-38), gender (1.2079, 0.2277), millennial (-0.6293, 0.5294).

$Y = 0.7160x + 10.100$

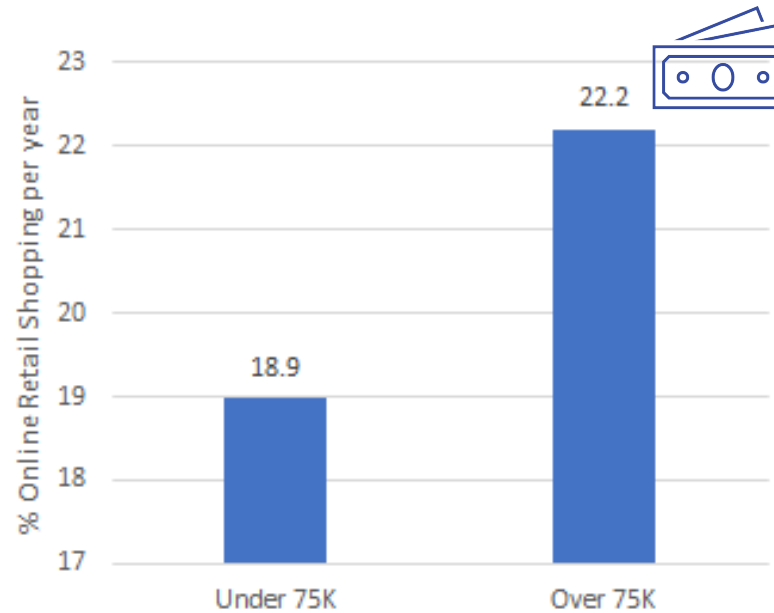


Average means by Group of Online Retail Shopping

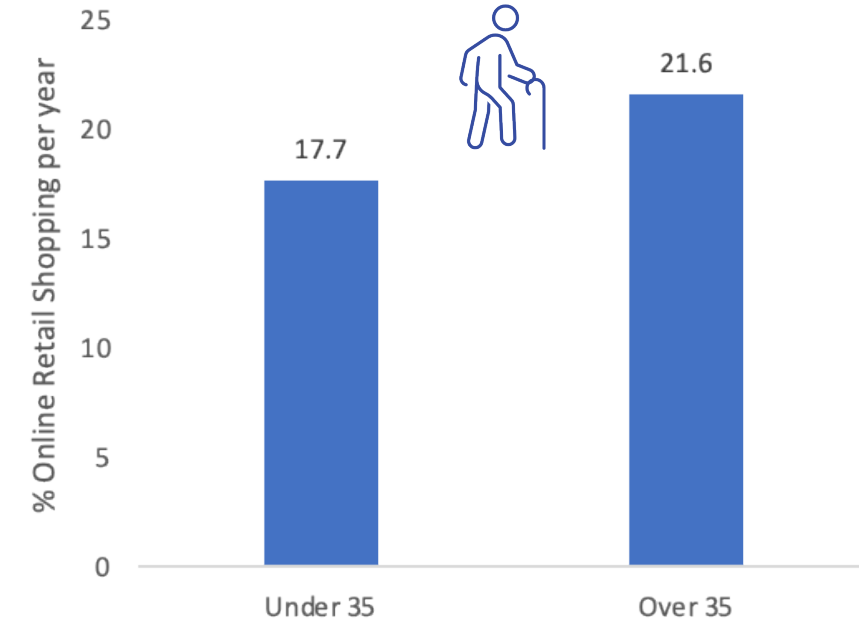
Customers vs Non-Customers



Income: Under 75K vs Over 75k



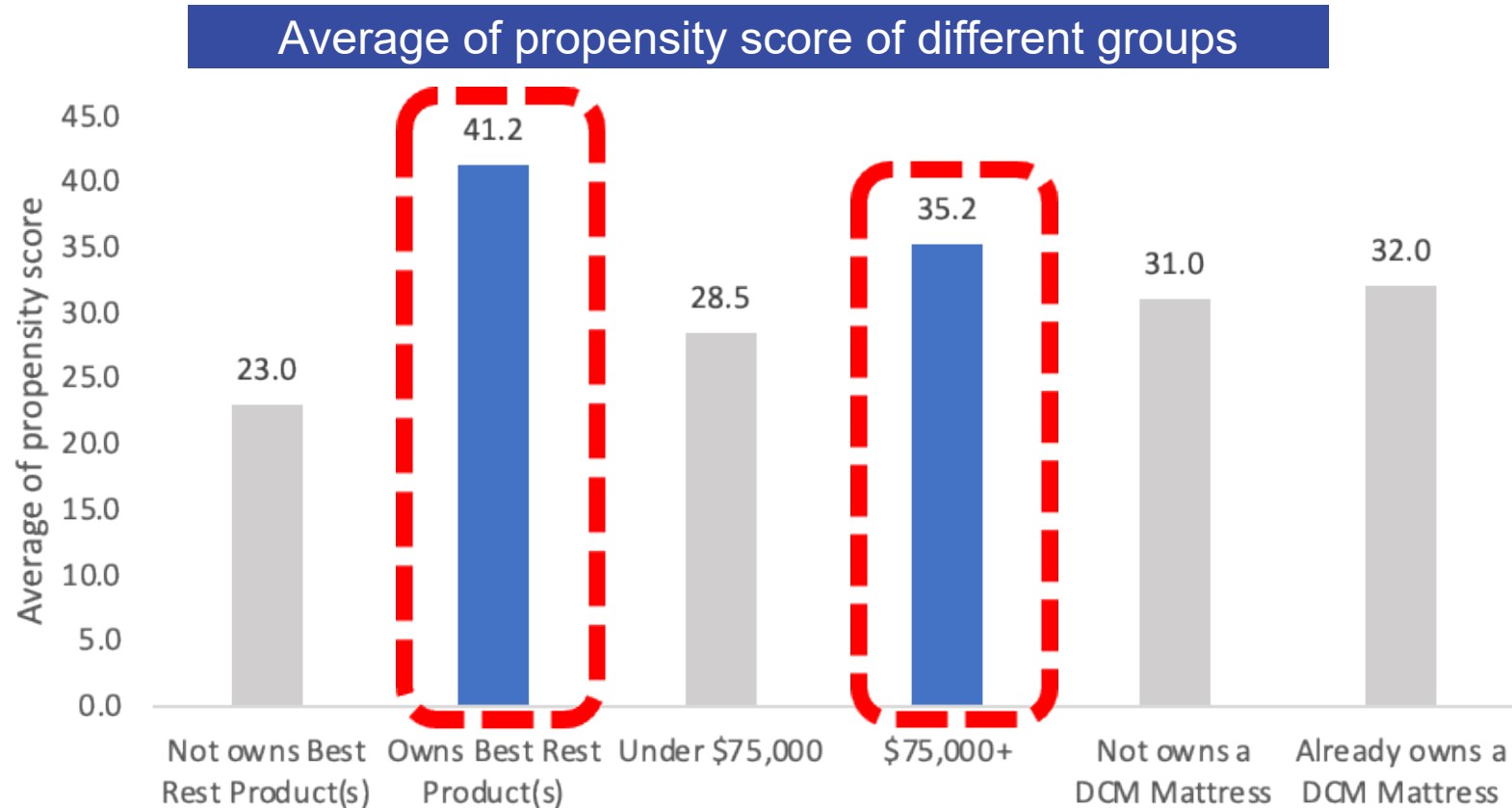
Age: Under 35 vs Over 35



- The data suggests that non-millennials do more retail shopping annually. This could be explained by kids, convenience, physical restriction, range of available products
- Gender & Who owns a DMC are other factors but don't play a significant role when it comes to online shopping



Best Rest's customers with higher incomes are more likely to buy mattresses online



- Higher income refers to incomes above \$75,000. We also consider customers making \$5000 less than the benchmark because, they are more likely to grow into our target customer group through marketing efforts



There is a significant linear relationship (F Stat for F test= 84.92, p-value=0.0000) between the Propensity score to buy an online mattress and Owns Best Rest Product(s) (Coefficient= 5.45, p-value=0.0006), Income of \$75,000+ (Coefficient= 3.99, p-value=0.0034), Already owns a DCM Mattress (Coefficient= 3.81, p-value=0.0056) and Percent of retail purchases that are bought online in a year (Coefficient= 0.72, p-value=0.0000). The model fits quite well (Adjusted R Square= 0.52)

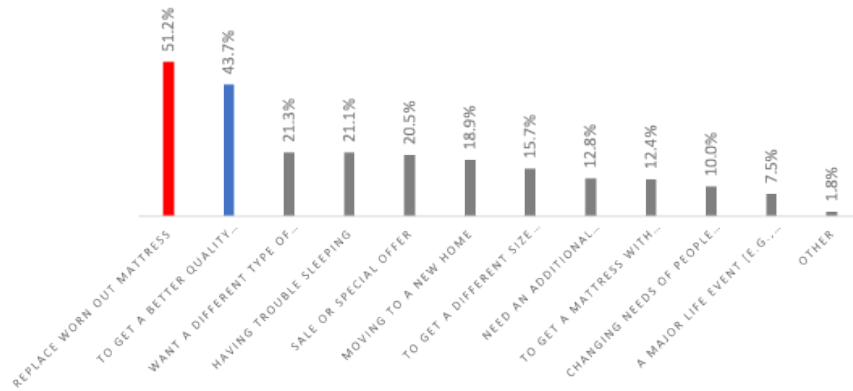
The likelihood of a buying mattress online can be predicted by the equation: Propensity score=5.45*Owns Best Rest Product(s)+3.99*Has a

What Influences Online mattress purchases?

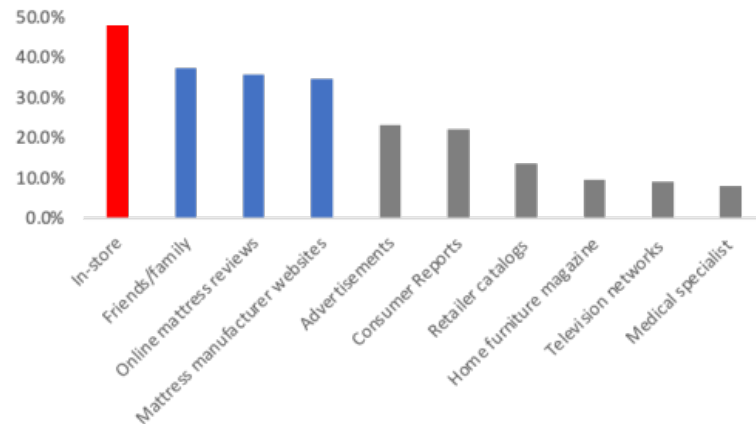


Mattress buyers prioritize quality and are influenced by in-store experience and product reviews

Reason for Mattress Purchase



Purchase Influence



Top Sources of Information

- The top two reasons that customers make a mattress purchase is to replace worn-out ones and have a better-quality mattress. Marketing efforts should promote Sleep cool as a better replacement for their existing mattress
- Mattress buyers' purchase are influenced by in-store experience therefore marketing efforts should promote a temporary local mattress show room
- Friends/Family and Online Mattress Reviews also affect customers' decision-making, thus we suggest incentivizing customers who have an interaction with the mattress to leave positive reviews



P-value of Customer and Percent retail Online are both 0.000; in terms of Income, Owns DMC Mattress and Gender, p-values are 0.003, 0.006, 0.239 respectively

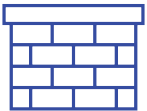
Customers value comfort, durability and pressure relief when making a purchase decision



Price , Comfort, Durability, and Pressure Relief being topmost criteria for most of the customers should be the key factors for advertising

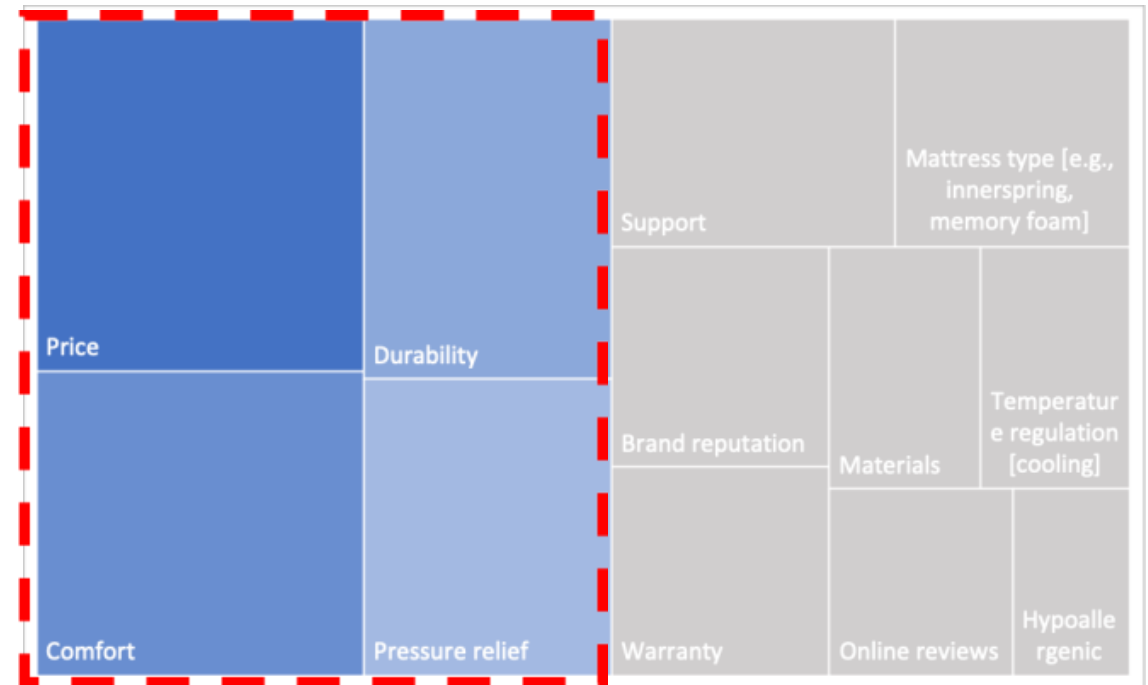


Among those who purchase DCM, they believe online mattress are of good quality



Durability is ultimate key to reach those customers

Purchase Factors



After running Multivariable Linear Regression Model and conducting back elimination, p-value of Online Quality turns out to be significant at 0.000

Marketing communications to target customers



Marketing Benefits for Target Consumers

80% Free Delivery



51% Free trial at home



35% compressed mattress-a-box delivery



29% Avoid going to the store



Benefits & challenges in Acquiring Sleep Cool



Challenges for Best Rest acquiring Sleep Cool

Key Factors

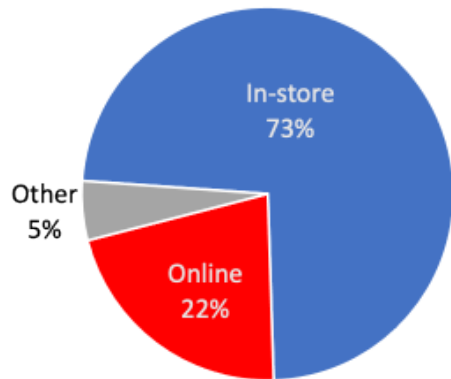
Old Habits

- Currently, buying mattresses online is not common and only 21.5% of purchases were made online

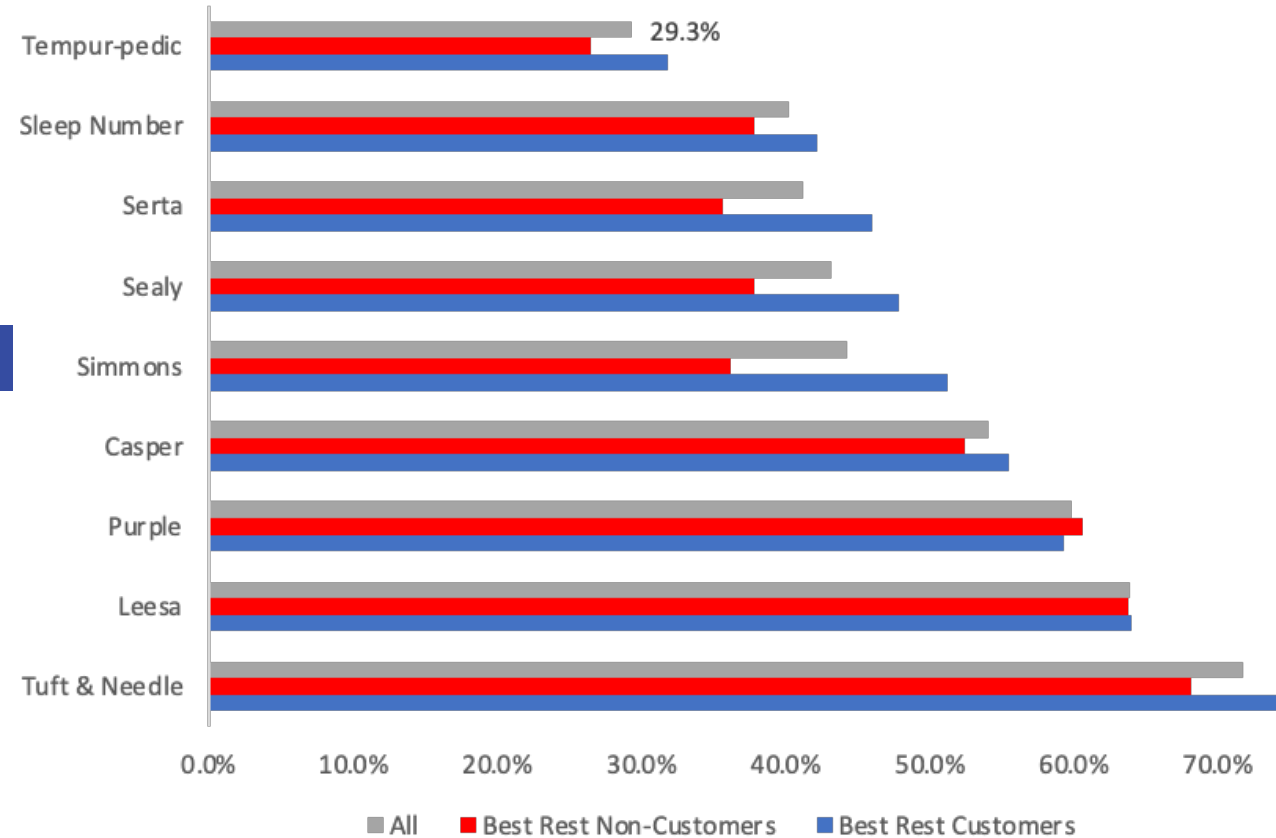
Many players

- Competition in the mattress market is severe, might be difficult to gain initial market share

Store vs online purchase



Best Rest brand preference vs Other brands



Source: Company Disclosures, FactSet

Benefits for Best Rest acquiring Sleep Cool



Customers and potential customers trust Best Rest products, believing that “Best Rest brand products are high quality” and “Best Rest is a high-quality brand”



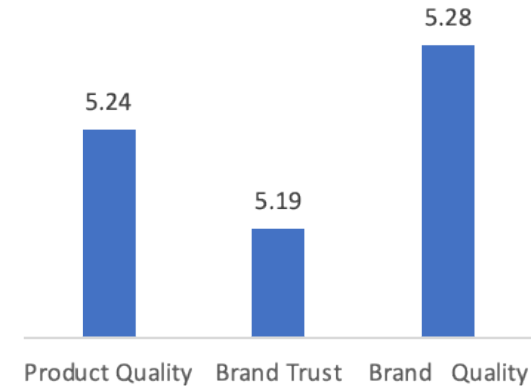
Correlation:

	Product Quality	Brand Trust	Brand Quality
Product Quality	1.00		
Brand Trust	0.68	1.00	
Brand Quality	0.84	0.82	1.00

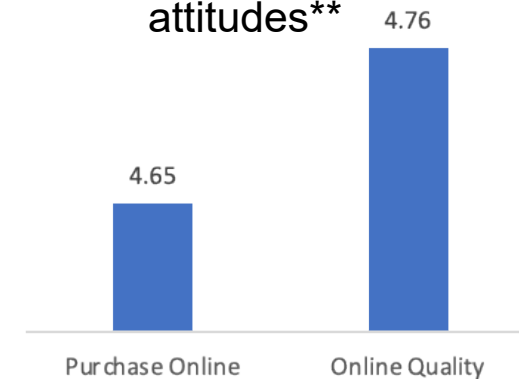


This correlation further promotes the acquisition of sleep cool because a best rest branded mattress would be perceived as high quality

Best Rest brand attitudes*



Average Response Scale of Online mattress attitudes**



*5 = Slightly Agree; 6 = Agree

**4 = Neither Agree nor Disagree; 5 = Slightly Agree

All p-values of correlations are 0.0000.

The p-value of the T-test for the linear relationship between purchase online and online quality is 0.0000 and t Stat is 28.71 and Adjusted R Square is 0.68.

The willingness of buying online has a strong linear relationship with the online Mattresses' quality: $\text{Purchase Online} = 0.81 * \text{Online Quality} + 0.80$

Benefits for Best Rest acquiring Sleep Cool

Cooling Preference and Price Appreciation

- Customers who agree that “I would be willing to pay more for a mattress that sleeps cooler” tend to agree that “I would buy a mattress online”

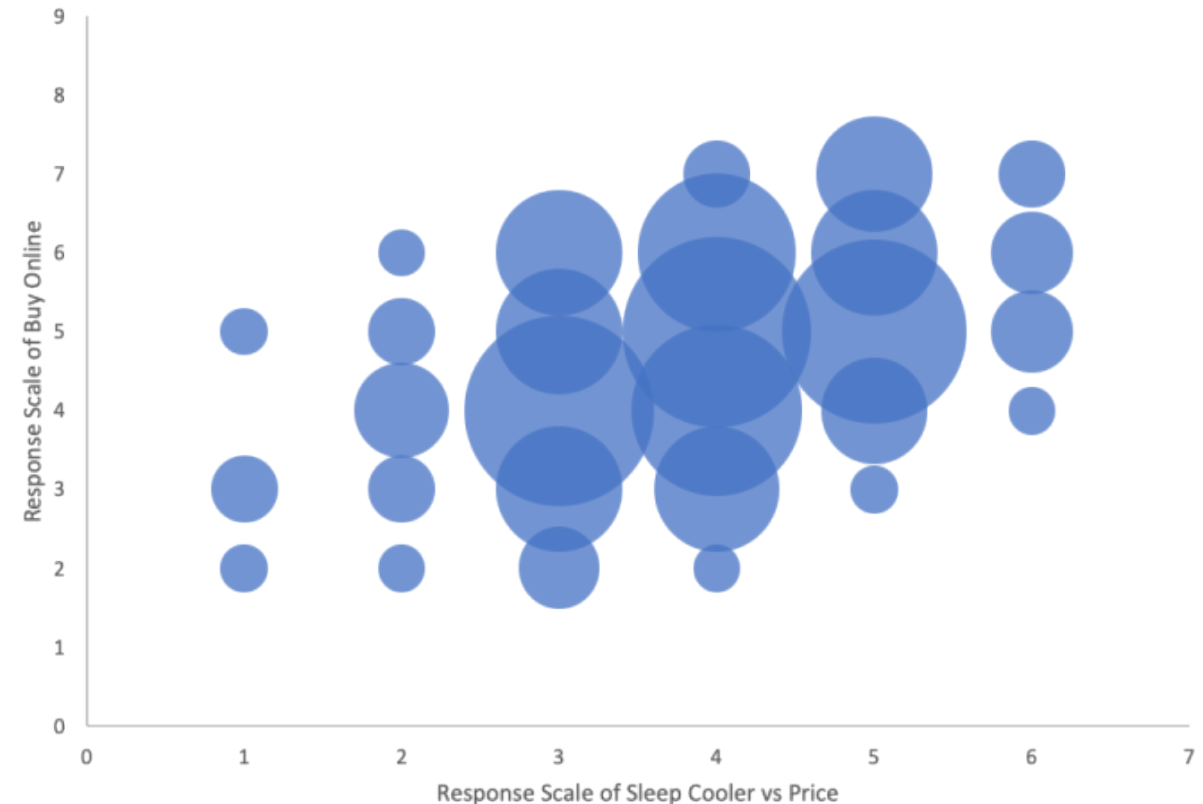
Correlation

	Sleep Cooler vs Price	Buy Online
Sleep Cooler vs Price	1.00	
Buy Online	0.45	1.00

Insights

- Shows that customers would like to buy Sleep Cool online

Count of Customers



The p-value of correlation is 0.0000.

The p-value of the T-test for the linear relationship between Buy Online and Sleep Cooler vs Price is 0.0000 and t Stat is 6.04 and Adjusted R Square is 0.20.

Response Scale: 1 = Strongly Disagree; 2 = Disagree; 3 = Slightly Disagree; 4 = Neither Agree nor Disagree; 5 = Slightly Agree; 6 = Agree; 7 = Strongly Agree

Response Scale of Buy Online and Sleep Cooler vs Price: Buy Online=0.50*Sleep Cooler vs Price+2.77



Conclusion



Best Rest Should Target High Income Non-Millennials who already own a Best Rest Product

I

Best rest should target Existing High income, Non-millennial customers with “The only durable and comfortable mattress for your BEST REST”

II

Best rest should leverage its current information on existing customers to directly promote its mattress. In addition, offer referral discounts to attract new customers

III

A challenge we foresee is the competitive DCM Mattress Market. However, we believe there is high interest amongst existing Best Rest customers in a mattress

IV

Marketing communications should include - free delivery & low risk trial period to improve the satisfaction rate of the mattress

