

TPX to Gain From Name Recognition in Growing Foam Market

Companies: SCSS, TPX

June 13, 2013

Research Question:

Will Tempur-Pedic's focus on high-end mattresses prevail in a competitive bedding market?

Summary of Findings

- Coil mattresses are losing market share to foam mattresses at a greater rate than we have seen in our previous Tempur-Pedic reports ([10/4/12](#); [6/14/12](#); [12/8/11](#)). [Tempur Sealy International Inc.](#) (TPX), with its brand recognition, is a leader among foam mattress sellers and is maintaining floor slot spaces in a marketplace with a growing number of foam mattress competitors.
- Twelve of 17 stores have seen an increase of 5% to 15% in foam mattress sales year over year for the second quarter. Only one store has seen its foam sales decrease.
- Five of 17 stores have seen increases of 1% to 10% in their coil mattress sales, while six have seen a decrease of 3% to 15%.
- Tempur-Pedic heavily controls the discounting of its mattresses, and discounting is rare. Discounts are largely limited to Memorial Day specials and clearance on models in order to make way for newer Tempur-Pedic models.
- Tempur-Pedic's new [Tempur-Choice](#) mattress is expected to receive two slots in most stores we contacted, with most of them planning to roll out the mattress line in June.

Background

Blueshift Research's [October 4, 2012](#) report found that many competitors were inhibiting share gains for Tempur-Pedic's Simplicity line, making it unlikely to significantly boost the company's overall sales. Five of nine stores reported discounts and promotions on a range of Tempur-Pedic mattresses, an increase from our [June 14, 2012](#) report when three of 16 stores reported discounts only on the [Cloud Supreme](#) model.

Blueshift's [December 8, 2011](#) report revealed Serta Inc.'s [iComfort](#) was gaining market share on Tempur-Pedic, particularly among first-time foam mattress buyers. Sources cited the iComfort's lower price tag and Cool Action Gel Memory Foam as a competitive advantage over Tempur-Pedic foam mattress models.

CURRENT RESEARCH

In this next study, Blueshift assessed whether the foam mattress market is expanding, staying stable, or declining relative to coil mattress market share. We also assessed if Tempur-Pedic was maintaining or losing market share within the foam mattress space. Finally, we asked about expectations for slot space and sales for Tempur-Pedic's new [Tempur-Choice](#) line.

Blueshift employed its pattern mining approach to establish and interview sources in one silo:

- 1) Mattress stores (17)
- 2) Secondary sources (4)

Blueshift interviewed 17 primary sources and included four of the most relevant secondary sources focused on the popularity of foam mattresses among consumers and a ranking of foam mattress brands, a rise in plant-based materials used in foam mattresses, and the impact of Tempur-Pedic's Choice line on price points.

Next Steps

We will monitor customer and store feedback on Tempur-Pedic's new Tempur-Choice line. We will also monitor Tempur-Pedic's slot floor space once Tempur-Choice is introduced into stores. Finally, we will monitor any discounting trends for foam mattresses as they enter the mainstream.

Silos

1) MATTRESS STORES

Five of seventeen stores have seen an increase of 1% to 10% in coil mattress sales, while six have seen a decrease of 3% to 15% and two report stable sales year over year for the second quarter. Four had no comment on the direction of their coil mattress sales. Twelve stores have seen an increase of 5% to 15% in foam mattress sales year over year for the second quarter. Only one store reported a decrease of an unspecified amount in foam sales. One has seen stable sales and three declined to comment on the direction of sales. Tempur-Pedic is the preferred brand of foam mattresses for those who can afford them, but Serta Inc.'s [iComfort](#) is popular among those who "sleep hot" and is offered at a lower price point. Slots dedicated to Tempur-Pedic have remained stable for all stores that commented, except two stores that will add slots to showcase Tempur-Choice. Stores expect to receive shipments of the Choice mattress and most are dedicating two slots for the line. One source expects the Choice line to be able to take half of the \$1.2 billion market share of Select Comfort Corp.'s (SCSS) [Sleep Number](#), mostly due to quality complaints about Sleep Number.

KEY SILO FINDINGS

2Q YoY Coil Mattress Sales

- Five of 17 stores have seen a 1% to 10% increase in second-quarter year-over-year sales.
- Six sources have seen a decrease of 3% to 15% in second-quarter year-over-year sales.

2Q YoY Foam Mattress Sales

- Twelve stores have seen a second-quarter year-over-year sales increase from 5% to 15%.
- Only one store reported a decrease in second-quarter sales year over year.

Customer Opinion: TPX Memory Foam versus Competitor's Memory Foam

- Tempur-Pedic is the preferred brand among those who can afford it.
- Serta's iComfort is popular among those who "sleep hot" and is offered at a lower price point.

TPX slots increased/decreased since the start of 2013

- TPX slots have remained stable over the past six months for 16 of 17 sources.
- Two store will increase Tempur-Pedic slots with the addition of two slots dedicated to the Choice line.

TPX Choice Bed Slots

- Only two stores carried the two models of Choice mattresses at the time of interviews.
- Stores expect to dedicate two slots to the Choice mattress as the product is delivered throughout June.

Customer Reactions to Choice

- The Choice line has not been on the market long enough for widespread customer feedback, but one source says customers like the adjustable firmness feature.

Discounting Trends

- Tempur-Pedic tightly controls discounting, which is rare. Discounts were limited to memorial day sales and specific mattresses in order to make room for Choice mattresses.
- One store reported the Simplicity line was discounted three months ago.

Other

- Tempur-Pedic's brand name and reputation still carry clout with customers who can afford the brand.

1. Store manager at a mattress retailer in Georgia

This store sells more memory foam than coil mattresses, with second quarter year over year sales declining 3% to 4% for coil mattresses and increasing 10% to 15% for foam mattresses. Customers come in specifically asking for Tempur-Pedic, which holds 11 of 41 slots, with total slots increasing with the addition of the Choice model. The Tempur-Choice model has been on the floor for a week with customers appreciating its adjustable firmness feature.

2Q YoY Coil Mattress Sales

- “Sales are a little down—about 3% to 4%. I sell more foam than I do coil.”

2Q YoY Foam Mattress Sales

- “They have increased about 10% to 15%.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “My customers prefer Tempur-Pedic over iComfort.”

TPX in-store slots vs. total in-store slots

- “We have 11 slots for Tempur-Pedic.”
- “We have 41 total slots.”

TPX slots increased/decreased since the start of 2013

- “It’s stayed the same. We are an authorized dealer of Tempur-Pedic, so we keep the same number of slots.”

TPX Choice Bed Slots

- “We have two Choice beds.”
- “That’s a normal number when a product is introduced.”

Customer Reactions to Choice

- “So far they like it. The fact that they can adjust the firmness is what they like. The Choice bed is designed to set it and leave it—that’s how it’s designed.”

Discounting Trends

- “Right now Tempur-Pedic is offering \$300 off queen-size mattresses, \$500 off king mattress and \$100 off the adjustable bed frame through June 2.”

Other

- “People come in asking for Tempur-Pedic. They are different than Sleep Number because of the foam, and there are three different areas to adjust.”

Store Observations: This store is in a strip shopping center off a major highway, along with Target, Lowe’s, and several restaurants. There were no customers and only the store manager here on a Wednesday afternoon. The Tempur-Pedic beds were on the back wall and up one side in an L-shape, taking up 11 slots.

2. Store manager for a chain mattress retailer in the Midwest

Foam mattress sales have surpassed coil mattresses as coil sales have declined in the second quarter year over year, while foam sales have increased over the same time period. Tempur-Pedic has been this store’s top seller for the last eight or nine years because of its unique and innovative technology that incorporates the customer’s body heat. Thirteen out of 55 slots are dedicated to Tempur-Pedics. His location is due to receive the Tempur-Pedic Choice model later in June of this year.

2Q YoY Coil Mattress Sales

- “There has been a slight reduction in coil mattress sales since this time last year.”

2Q YoY Foam Mattress Sales

- “Foam mattress sales are higher than what coil mattress sales have been, and foam sales have increased since this time last year.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “Customers tend to like foam mattresses better than coil because foam reduces the number of pressure points.”

Foam mattress sales are higher than what coil mattress sales have been, and foam sales have increased since this time last year.

Store Manager
Chain Mattress Retailer, Midwest

Tempur-Pedic

- “Tempur-Pedic has been our No. 1 seller for the last eight or nine years now. That’s really been due to their different technology, where its responsive to the sleeper’s body temperature.”
- “Tempur-Pedic has reached more customers with their [Weightless](#) and [Breeze](#) models. Older customers seem to really like the Weightless model, and the Breeze model has a great cooling system in it that people like.”

TPX in-store slots vs. total in-store slots

- “Out of 55 slots total, 13 are Tempur-Pedics.”

TPX slots increased/decreased since the start of 2013

- N/A

TPX Choice Bed Slots

- “We haven’t gotten the Choice models in yet. They’re not expected until late June. They’ll take up two slots. I’m not sure which mattresses will be replaced by the Choice models.”

Customer Reactions to Choice

- N/A

Discounting Trends

- N/A

Store Observations: This chain is in a major shopping area and part of the “Furniture Row” group of stores. The Tempur-Pedic models are located to the front and left sides of the store. One couple was shopping for mattresses Saturday midday. A store associate and a manager were working at the time.

3. Mattress sales manager at a major department store in San Jose, CA

Mattress sales at this major department store are leveling off after a five-year steady increase. The sales numbers are only slightly better than last year. Approximately 50% coil and 50% memory foam beds are sold at this store, with memory foam sales having increased over last year. Of the memory foam beds, 70% of sales are from the Serta iComfort series, 20% Tempur-Pedic, and 10% Sealy Corp.’s (ZZ) [Optimum](#), which arrived in November. This manager noted that there were higher expectations for Tempur-Pedic sales, but that the cooling factor of the gel memory foam offered by iComfort and the Sealy Optimum beds attracts buyers who sleep hot. The store is giving more floor space to this department. Currently, there are six Tempur-Pedic beds out of 40 slots and two more slots are being opened up for the Choice beds arriving soon. Discounting follows Tempur-Pedic’s national discount direction.

2Q YoY Coil Mattress Sales

- “We sell about 50% coil and 50% memory foam at this store.”
- “For the past five years, we’ve been doing well and sales have been up, but this year we’re doing just a little better than last year—sales are leveling off.”
- “We did great during Memorial Day Weekend. Compared to last year’s Memorial Day Weekend, we are right on the cusp, about even.”
- “We still get people in here who have had coil for years and want to stay with a coil mattress. It’s a traditional thing. It’s also easier to move around on a coil bed.”

2Q YoY Foam Mattress Sales

- “Sales are increasing in memory foam from last year.”
- “About 70% of our sales are Serta iComfort beds, 20% Tempur-Pedic, and 10% Sealy Posturepedic Optimum, which came in November.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “We thought we’d be selling a lot more Tempur-Pedics, but when we break down people’s needs, the Serta iComfort is better for many customers, especially for those who sleep hot.”
- “If someone sleeps hot, we recommend the gel memory foam beds, like the Serta iComfort and Sealy Posturepedic Optimum, which have upped the cooling factor.”

TPX in-store slots vs. total in-store slots

- “We have six Tempur-Pedic slots out of 40.”

TPX slots increased/decreased since the start of 2013

- N/A

TPX Choice Bed Slots

- “Two will arrive soon.”
- “We’ve been given more space on our floor, so I’m just going to move things around [and not remove any other mattresses].”

Customer Reactions to Choice

- N/A

Discounting Trends

- All mattress dealerships selling Tempur-Pedic are advertising the company’s \$500 off sale from May 15 to June 2.
- Tempur-Pedic Free Nook Advertisement at this department store: *From May 12 through June 1 Tempur-Pedic is offering a free [Nook Simple Touch](#) with a purchase of Tempur-Pedic mattress flat set or Tempur-Pedic mattress plus [Tempur-Pedic Ergo](#) adjustable base.*

Reporter Observations: This department store was located in a large mall along with Nordstrom and Macy’s. The mattress department is on the second floor, directly in front of the escalator within easy customer view and access. The beds with the most signage were the Serta iComfort and the Tempur-Pedic series—only those two companies had faux headboards built into their display. This visit was midday on a Friday.

4. Store manager at a furniture retailers in Georgia

This store has seen coil sales rise 2% in the second quarter year over year. It recently started selling foam mattresses, only by Tempur-Pedic, which holds seven of their 15 slots. This store does not have any Tempur-Choice mattresses.

2Q YoY Coil Mattress Sales

- “Coil mattress sales are up about 2% over this time last year.”

2Q YoY Foam Mattress Sales

- “We didn’t have memory foam mattresses until just recently.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “We only carry Tempur-Pedic. We don’t carry their competition.”

TPX in-store slots vs. total in-store slots

- “We have seven slots for Tempur-Pedic and 15 total slots.”

TPX slots increased/decreased since the start of 2013

- “Stayed the same.”

TPX Choice Bed Slots

- “We don’t carry Tempur-Pedic Choice and I haven’t heard that we are getting any.”

Customer Reactions to Choice

- N/A

Discounting Trends

- “Not really any discounts. Bassett offers 36 months financial, and occasionally we’ll include pillows with the mattress.”

Other

- “The newest Tempur-Pedic mattresses we carry are the Weightless Supreme and Breeze. We also carry the new ergo bases because they’ve discontinued the old bases. We sold the Cloud mattress and put the Weightless and Breeze in its place.”

Store Observations: This store is an authorized retailer of Tempur-Pedic mattresses. They are in a large strip mall with Ashley Furniture, Mattress USA, Bed, Bath & Beyond, and several restaurants. They are also on a major highway close to the expressway lined with retail stores and restaurants. The store was nicely arranged with furniture in the front and mattresses throughout on a Saturday afternoon.

5. Sales associate for an independent mattress store in the Midwest

This sales associate at a locally-owned independent mattress store said that aside from the company's own mattress models, Tempur-Pedic has been the top-selling brand since the store started carrying it in the mid-1990s. Out of 40 slots, 11 are Tempur-Pedic models, but the Choice model has not come in yet. He anticipates it arriving in a few weeks.

2Q YoY Coil Mattress Sales

- N/A

2Q YoY Foam Mattress Sales

- "We've sold more foam mattresses than coil ones. That has been the trend for the past few months."

Customer Opinion: TPX Memory Foam versus Competitor's Memory Foam

- N/A

TPX in-store slots vs. total in-store slots

- "Out of 40 total slots, 11 are Tempur-Pedics."

TPX slots increased/decreased since the start of 2013

- N/A

TPX Choice Bed Slots

- "The Tempur-Pedic Choice model won't be delivered here for another few weeks."
- "At that time we'll probably replace it with a less popular Tempur-Pedic model and keep the total numbers the same."

Customer Reactions to Choice

- N/A

Discounting Trends

- N/A

Other

- "Our own factory-built mattresses are our top sellers, but Tempur-Pedic has been extremely popular ever since we started carrying it in 1996."
- "The Tempur-Pedic name brings in customers who wouldn't otherwise be interested in our factory-direct models. They're the top seller of all our branded models."

Store Observations: This family-owned mattress retailer is in a commercial strip next to a local furniture store and bank. The company was started in 1991 and builds its own beds along with carrying brand-name models like Sealy, Serta and Tempur-Pedic. The Tempur-Pedic models are located along the back of the store. On a Friday afternoon one woman was shopping for a mattress inside the showroom, and another was just leaving as I pulled up.

The Tempur-Pedic Choice model won't be delivered here for another few weeks. ... At that time we'll probably replace it with a less popular Tempur-Pedic model and keep the total numbers the same.

*Sales Associate
Independent Mattress Store, Midwest*

6. Sales associate/mattress specialist at a furniture store in a New York City suburb

Introducing a new mattress will help Tempur-Pedic—already the best-known and most respected foam-mattress maker—maintain its dominance in that industry segment. Tempur-Pedic's high-priced mattresses appeal to customers who are willing to pay extra, so there may be a limited benefit to discounting. Of this store's 57 slots, Tempur-Pedic holds 10—the same number at the start of the year, but up from seven a year ago. Comparable second-quarter sales at this store have risen 10% for coil mattresses and are up 5% for memory foam mattresses, though the latter is doing better companywide. While the store's largely-older customer base is partial to coil mattresses, memory foam is gaining ground: It holds 40% to 45% of the slots today versus 30% to 35% a year ago. Coil mattress retailers have recently been more aggressive about pricing and discounting.

2Q YoY Coil Mattress Sales

- "My sales of coil mattresses have increased about 10% in Q2 2013, compared to Q2 2012."
- "Coil mattresses are selling very well. Manufacturers have been releasing lots of hybrids that incorporate foam into the traditional coil mattress, so customers can still get the feel of a memory foam mattress but at a lower price point."

- “Today 98% of the coil mattresses we carry have a memory foam component.”

2Q YoY Foam Mattress Sales

- “For me personally, sales of memory foam mattresses (without coils) are up maybe 5% this Q2 compared to last.”
- “I know memory foam mattress sales are up by a higher percentage companywide than they are here, but I couldn’t give you the numbers.”
- “Raymour & Flanigan has been adding more foam models lately. Our stores are getting a broader selection and a wider range of price points.”
- “I think memory foam sales have been slower at this store because the population is mostly older folks, and coil mattresses are what they know. They probably haven’t been in the market for a new mattress for 10 years and are not walking into the store thinking, ‘I’m going to buy a memory foam mattress.’ You have to explain the benefits to them before they’ll consider switching.”

For me personally, sales of memory foam mattresses (without coils) are up maybe 5% this Q2 compared to last. ... I know memory foam mattress sales are up by a higher percentage companywide.

*Sales Associate
Furniture Store
New York City Suburb*

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “Most customers looking for a memory foam mattress prefer Tempur-Pedic. It has the most name recognition of foam mattresses, which makes it much easier to sell. In terms of quality, I believe Tempur-Pedic is the best, and I think most customers agree. That’s why they are OK with paying the higher price—because they know they’re getting the highest-quality product for their money.”
- “Tempur-Pedic’s two main competitors at this store are the [ComforPedic by Beautyrest](#) and the Serta iComfort.”

TPX in-store slots vs. total in-store slots

- “We have 10 slots for Tempur-Pedic in the showroom, out of 57 slots total.”

TPX slots increased/decreased since the start of 2013

- “We had the same number of slots for Tempur-Pedic at the beginning of the year. But at this time last year, we had fewer—seven slots.”
- “Overall, we’ve had 57 slots for at least the past year. A year ago, about 30% to 35% of our slots were memory foam, but now it’s up to 40% to 45%.”

TPX Choice Bed Slots

- “We do not have the Tempur-Pedic choice. I am not familiar with it.”

Customer Reactions to Choice

- N/A

Discounting Trends

- “We are not offering discounts on Tempur-Pedic mattresses along. But we are running a promotion where you save \$200 on a Tempur-Ergo Adjustable Base with a Tempur-Pedic mattress. If you buy a king-size Tempur-Pedic with two twin-size Tempur-Ergo bases, you save \$400.”
- “I don’t think Tempur-Pedic is in a position where it has to offer regular discounts to get people to buy their mattresses. The majority of customers who are looking to buy a Tempur-Pedic know how much it’s going to cost and have already decided they’re willing to pay that.”
- “Outside of Tempur-Pedic, there is almost always some promotion on one mattress or another here. For the past few months especially, coil mattress manufacturers have been more aggressive about discounting. I think they might be worried about losing their hold.”

Most customers looking for a memory foam mattress prefer Tempur-Pedic. It has the most name recognition of foam mattresses, which makes it much easier to sell. In terms of quality, I believe Tempur-Pedic is the best, and I think most customers agree. That’s why they are OK with paying the higher price.

*Sales Associate
Furniture Store
New York City Suburb*

Other

- “Tempur-Pedic is the No. 1 memory foam mattress company. It has the best memory foam mattresses and the most name recognition, and I think bringing a new, high-tech product to the market will help it stay the dominant player in memory foam.”

Reporter observations: This big-box furniture retailer is located in a New York City suburb near a major highway. The mattress showroom was set up in three partitioned sections in the warehouse-style store. Tempur-Pedic had six of the 24 slots in the second/middle section, which was carpeted and decorated to create a bedroom-like atmosphere. The less

ornate third/rear section featured two Tempur-Pedic mattresses near its entrance and two more in a far corner. The store was not busy on a Thursday evening. One sales associate was showing a middle-aged couple a ComforPedic.

7. Mattress store sales associate in New York City

Tempur-Pedic will remain the No. 1 mattress brand in the world. Sales of coil mattresses are up 10% for the second quarter year over year, compared to a 5% to 6% increase for foam mattress sales over the same time period. Of this store's 30 slots (featuring 18 mattress brands), Tempur-Pedic holds five—up from four at the start of this year. Customers tend to prefer Tempur-Pedic over competitor memory foam mattresses, citing comfort and durability. Tempur-Pedic gets a satisfaction rating of 95%, compared with 75% to 80%, on average, for competitor memory foam mattresses. Customers tend to favor coil mattresses, especially now that manufacturers are using memory foam in coil mattresses to simulate the feel of a Tempur-Pedic but at a lower price. Tempur-Pedic should not discount too aggressively, lest it risk watering down its prestigious brand and devaluing its products. This source was not aware of any broader discounting trends of late.

2Q YoY Coil Mattress Sales

- "Sales of coil mattresses are up about 10% in Q2 2013 compared to Q2 2012."
- "I sell more coil mattresses than memory foam mattresses by far. People still tend to prefer the traditional mattresses, especially now that so many are combining springs with a special layer of memory foam that gives you that unique sensation without the higher price point of a Tempur-Pedic."

2Q YoY Foam Mattress Sales

- "Sales of memory foam mattresses ticked up 5% to 6% in Q2 2013 compared to Q2 2012"

Customer Opinion: TPX Memory Foam versus Competitor's Memory Foam

- "Most customers recognize that Tempur-Pedic's foam is superior to other types. I would estimate that 95% of Tempur-Pedic customers are very satisfied with the mattress, compared to 75% to 80%, on average, for competitor-memory foam mattress owners."
- "Customers like the slower recovery of Tempur-Pedic memory foam. It's more comfortable and better for relieving pressure on your body than the more-buoyant competitors. That's especially important for people who have, say, a bad back or muscle soreness."
- "Tempur-Pedic foam also keeps its structural integrity for longer than regular foam."

TPX in-store slots vs. total in-store slots

- "We have five slots dedicated to Tempur-Pedic, out of 30 slots on three floors. We carry mattresses from 18 vendors, including [Simmons](#), [Sealy's] [Stearns & Foster](#), and [Sealy Posturepedic](#)."

TPX slots increased/decreased since the start of 2013

- "My line of Tempur-Pedic mattresses has increased from four at the start of the year."

TPX Choice Bed Slots

- "We do not have the Choice bed in our store yet."

Customer Reactions to Choice

- N/A

Discounting Trends

- "I am not seeing more or less discounting now than at this time last year. Nothing really jumps out at me in that arena, to be honest."
- "The last promotion we did here was 50% off any mattress in the store as part of a Memorial Day Weekend promotion."
- "We don't have any Tempur-Pedic-specific promotions right now. Tempur-Pedic will offer discounts every now and then, but for the most part they hold their value. If they discounted too often or too much, they would water down the brand and devalue the product. It would be like discounting a Bentley or a Porsche."

Other

Most customers recognize that Tempur-Pedic's foam is superior to other types. I would estimate that 95% of Tempur-Pedic customers are very satisfied with the mattress, compared to 75% to 80%, on average, for competitor-memory foam mattress owners.

Sales Associate
Mattress Store, New York City

- “Tempur-Pedic has the best mattresses out there. They are the worldwide leader, not just for memory foam but all mattress brands, and will continue to be that way.”

Reporter observations: This three-story mattress retailer is in a downtown New York City business district. The store features 12 mattresses on both the ground and second floors, as well as six in a basement. The five Tempur-Pedic mattresses were near the entrance of the second floor. Business was slow on a Wednesday afternoon, with just one customer in the store to discuss financing a purchase.

8. Mattress store sales associate in New York City

Tempur-Pedic is selling very well and foam mattress sales are up 10% for the second quarter year over year compared to stable sales for coil mattresses over the same time period. Still, coil mattresses sell better than memory foam—by a ratio of roughly 6-to-4. This store plans to expand its Tempur-Pedic line from three to four mattresses in the near future, though it was unclear whether the new item would be the Choice. A slight majority of customers prefers Tempur-Pedic memory foam because it contours to the body better than any competitor. However, Tempur-Pedic’s higher prices often drive customers to pick a similar-feeling but less-costly alternative. The ability of consumers to price-compare online has forced this store to act on its price-matching policy more frequently in recent years. This source was not aware of any other discounting trends.

2Q YoY Coil Mattress Sales

- “My sales of traditional coil mattresses have been flat in Q2 compared to the same time last year.”

2Q YoY Foam Mattress Sales

- “My sales of memory foam mattresses have risen at least 10% in Q2 compared to the same time last year.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “Some people do like the more buoyant competitor memory foams. But the majority of customers prefer the Tempur-Pedic foam, which is a very different experience. It does a much, much better job of contouring to your body than any other memory foam mattress.
- “The real question should be not what people prefer in terms of comfort, but what people are willing to pay. I think most people are satisfied enough with a competitor mattress that kinda, sorta feels like a Tempur-Pedic when they can get it at a significantly lower price.”

TPX in-store slots vs. total in-store slots

- “We have three Tempur-Pedic mattresses on the floor. There are 35 mattresses in the store, altogether: 19 in the showroom, another 16 tucked away in the basement.”

TPX slots increased/decreased since the start of 2013

- “The number of Tempur-Pedics has not changed since the start of the year. It has been the same.”

TPX Choice Bed Slots

- “We don’t have the Tempur-Pedic Choice. I haven’t even heard of it; this is news to me.”
- “We are going to bring in another Tempur-Pedic mattress soon, but I don’t think it’s this Choice mattress you’re talking about. I don’t know what kind it’s going to be. But either way, Tempur-Pedic’s sales are doing very well and since there seems to be enough demand out there, adding another option can only help.”

Customer Reactions to Choice

- N/A

Discounting Trends

- “The store is always offering some kind of promotion—be it \$100 off a particular mattress, or free box spring with the purchase of a certain mattress. But I cannot say that I am aware of any big trends or changes in the types of discounts or promotions we’re offering. Our last one was a half-off Memorial Day sale.”
- “One thing I have noticed is that the Internet has forced us to act on our price-match policy a lot more. It’s much easier now to go online and compare prices, and we promise to meet or beat any price on a matching item, or if we can’t, at least offer 20% off. It seems like we’ve been doing that a lot more in the past several years.”

Tempur-Pedic’s sales are doing very well and since there seems to be enough demand out there, adding another option can only help.

Sales Associate
Mattress Store, New York City

- “Tempur-Pedic almost never offers discounts. They don’t allow you to discount. If you do, they are going to fine you or make you pay the difference. I think that’s a good thing because it makes it harder for a competitor to price below you, so we don’t end up getting into a price matching-war that could hurt our business.”

Other

- “Elderly people prefer the coil mattresses, while younger people tend to go for the memory foam. The breakdown in sales at this store is probably 60-40, coil mattresses versus memory foam.”
- “Tempur-Pedic has been selling pretty well lately, especially the adjustable electric bed, the [Rhapsody](#).”
- “Tempur-Pedic’s biggest competition right now is ComforPedic by Beautyrest and the Serta iComfort.”

Reporter observations: This two-story mattress store is located on the main street of a New York City residential neighborhood. The store features 19 mattresses in the first-floor showroom, including all three Tempur-Pedic beds in the middle of the store, and another 16 mattresses in the basement. During Blueshift’s Sunday afternoon visit, two sales associates were present; one was finalizing the sale of a queen-size Beautyrest mattress to a local family, the other was arranging for the delivery of a Tempur-Pedic Rhapsody to a customer in her 30s.

9. Manager of a mattress store in Milwaukee

Tempur-Pedic is this store’s top selling mattress and it occupies eight out of 40 slots on the sales floor. Coil mattress sales are flat, while there has been a slight increase in memory foam sales since last spring. The number of Tempur-Pedic slots has remained stable since the start of 2013. The store’s Memorial Day sale proved successful with over 20 mattresses sold in one day. The Choice is not on the floor and they do not know when it will be. Simmons’ Beautyrest is outselling Serta’s iComfort series as customers prefer how it feels.

2Q YoY Coil Mattress Sales

- “Coil mattress sales are about the same since this time last year.”

2Q YoY Foam Mattress Sales

- “I have only been here since February, but memory foam mattress sales are good. I would say they are up a bit from this time last year.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- N/A

TPX in-store slots vs. total in-store slots

- “We have eight Tempur-Pedic mattresses on our floor out of approximately 40 slots on our floor.”

TPX slots increased/decreased since the start of 2013

- “The number of Tempur-Pedic slots has not changed since the beginning of the year.”
- “In March, we changed around our sales floor, but we did not add or take away any Tempur-Pedic slots.”

TPX Choice Bed Slots

- “I have heard the Choice is coming, but we do not have any details as to when we will get them.”

Customer Reactions to Choice

- N/A

Discounting Trends

- N/A

Other

- “Some days, we don’t sell any mattresses. This Saturday with the Memorial Day sale, we sold over 20 mattresses.”
- “Tempur-Pedic is our top-selling foam mattress. If someone can’t afford it, then they look to their competitors.”
- “Beautyrest memory foam mattresses sell better than iComfort. People like the feel better.”

Reporter Observations: Fliers for the Memorial Day sale were available at the vestibule of the store. Two Simmons Beautyrest mattresses were visible just after entering the store. The Tempur-Pedic mattresses were to the immediate right in the front of the store. Like other mattress stores, it was crammed with inventory. All floor space was utilized. One person was working the store on midday Wednesday.

10. General manager of a mattress retailer in Georgia

Sales of coil mattresses have increased by 1% over this same time last year and foam mattress sales have remained stable. His customers love Tempur-Pedic, but the price is a deterrent. They have not received the Choice bed but are expecting to receive two models.

2Q YoY Coil Mattress Sales

- “Coil or inner spring mattress sales are up a little over this time last year—probably only 1%.”

2Q YoY Foam Mattress Sales

- “Memory foam sales have stayed the same as last year.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “They don’t like the price. I had a couple in today that really liked the Tempur-Pedic, but it was too expensive so they went with a less expensive brand.”

TPX in-store slots vs. total in-store slots

- “We have a total of 40 slots in the store with 9 slots for Tempur-Pedic.”

TPX slots increased/decreased since the start of 2013

- “Stayed the same.”

TPX Choice Bed Slots

- “We haven’t received the Choice bed yet. We are supposed to be getting two models soon. That’s all that’s available or all Tempur-Pedic lets us have. If they had three available then we would get three.”
- “We are moving the [Boyd](#) out of the store because it’s been discontinued, so we’ll put in the Choice where it was before.”

Customer Reactions to Choice

- N/A

Discounting Trends

- “All Tempur-Pedic products are price protected so we can’t discount them unless Tempur-Pedic tells us we can. To get around the mattress being expensive we will offer free pillows and we offer free deliver always. But this is what we have always offered.”

Other

- “Tempur-Pedic is shut down a lot of times because of their pricing. But it’s the Classic Coke as far as mattresses.”

Store Observations: This store is an authorized retailer of Tempur-Pedic mattresses. They are in a small strip shopping center off a major highway and about five miles from a large mall. Mattresses were the main feature, along with a few furniture items. The Tempur-Pedic brand was at the immediate front of the store on a Saturday afternoon visit.

11. Manager of a mattress retailer in Wisconsin

Tempur-Pedic should anticipate a big bump in sales with the Choice line since Sleep Number is a \$1.2 billion business and this source expects Tempur-Pedic will take upward of 50% its sales. Coil sales are down compared to last year while foam is up—5% to 10% give or take. At this store, Tempur-Pedic accounts for 40% of its sales while other stores in nearby—more affluent areas—sell 80% Tempur-Pedic. Within Tempur-Pedic sales, 60% are the Cloud Supreme mattress. This chain carried Sleep Number but dropped it three years ago due to its high return rate of 42%, versus a 7% return rate for Tempur-Pedic. Tempur-Pedic is its top-selling line followed by Serta’s iComfort. Due to new adjustable bases arriving, some of the Tempur-Pedic line is on clearance up to 50% off.

2Q YoY Coil Mattress Sales

- “Compared to this time last year, we are selling less coil mattresses and more foam—5 to 10 % either way.”

2Q YoY Foam Mattress Sales

- “70% of all mattresses sold today are memory foam.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “At this location, 40% of the mattresses we sell are Tempur-Pedic. It would be more but in this area, there are more people living paycheck to paycheck.”

Tempur-Pedic

- “In the more affluent areas of Milwaukee, 80% of the mattresses they sell at our stores are Tempur-Pedic.”
- “Tempur-Pedic is No. 1, by a long shot.”

TPX in-store slots vs. total in-store slots

- “We have eight Tempur-Pedic models on our floor out of 50 slots.”

TPX slots increased/decreased since the start of 2013

- “The number of slots for Tempur-Pedic has not changed this year but it will when we get the Choice line in.”

TPX Choice Bed Slots

- “We will have the Choice line in soon but don’t have exact dates. We are expecting the line in June.”

Customer Reactions to Choice

- N/A

Discounting Trends

- “Some Tempur-Pedic’s are up to 50% off right now. That is a great savings and they are going quickly.”
- “We currently have select Tempur-Pedics on clearance to make way for the new adjustable bases that are coming in.”

Other

- “The Choice line will absolutely do well for Tempur-Pedic. They have spent eight years developing the product. They know how high the stakes are and they are not going to put out a product that is less than top-notch.”
- “Sleep Number is a \$1.2 billion business. With the Choice line, Tempur-Pedic should be able to take half of that business.”
- “At this store, 60% of the Tempur-Pedics we sell are the Cloud Supreme.”
- “We stopped carrying the Sleep Number line three years ago because we had so many problems with them.”
- “Our return rate on the Sleep Number line was 42%. We had to return nearly half their mattresses due to issues.”
- “With Tempur-Pedic, our return rate is a mere 7%.”
- “When we carried Sleep Number and had it beside Tempur-Pedic, the customer almost always picked Tempur because of the comfort level.”
- “The second top selling line in the store is the Serta iComfort line.”
- “We just got in the Sealy Hybrid mattress. We have not sold any yet since it has only been on the floor for three days.”

At this location, 40% of the mattresses we sell are Tempur-Pedic. It would be more but in this area, there are more people living paycheck to paycheck. ... In the more affluent areas of Milwaukee, 80% of the mattresses they sell at our stores are Tempur-Pedic. ... The Choice line will absolutely do well for Tempur-Pedic. They have spent eight years developing the product. They know how high the stakes are and they are not going to put out a product that is less than top-notch. ... Sleep Number is a \$1.2 billion business. With the Choice line, Tempur-Pedic should be able to take half of that business.

*Manager, Mattress Store
Wisconsin*

Reporter Observations: The Tempur-Pedic line was immediately visible from the store’s front entrance. The iComfort line was in the back of store, which the manager pointed out as strange given they are No. 2 in sales at this store. In the back of the store, they have approximately 20 mattress set, standing up in a row, which are considered “budget” or clearance. There was one person working the store and no customers during a visit on a Friday afternoon. Their flier advertised “All mattresses on sale” with “0 APR for 5 years.”

12. Sales associate at a mattress retailer in Kansas City, MO

Sales of foam and coil mattresses have gone in opposite directions this year. Foam is up 12% to 15% and coil is down about the same. Tempur-Pedic is considered the leader in memory foam mattresses, with the others rated as knockoffs by some customers. At the time of this interview this store did not yet carry the Choice mattress.

2Q YoY Coil Mattress Sales

- “They are down about 12% to 15% so far compared to last year, in my estimation. Coil mattress sales have been declining for 8 to 10 years.”

2Q YoY Foam Mattress Sales

- “They have gone up about the same percentage as coil has dropped—about 12% to 15%.”

Customer Opinion: TPX Memory Foam versus Competitor's Memory Foam

- "This Tempur-Pedic mattress outsells the other foam mattresses, including Serta iCloud. Really, our customers consider the other brands to be knockoffs of Tempur-Pedic. They will tell you the feel is just not the same on any other foam mattress. It really takes the pressure off the spine when you lay on it. And there is no motion crossing over to the other side of the bed as there is with a coil mattress."

TPX in-store slots vs. total in-store slots

- "Ten of the 60 mattress slots in the store are Tempur-Pedic."

TPX slots increased/decreased since the start of 2013

- N/A

TPX Choice Bed Slots

- "The Choice has not arrived, but we got an email saying we are supposed to get it on June 3."

Customer Reactions to Choice

- "We don't have the Choice yet, but I think people will be excited. The mattress will represent the best of both worlds. It will still have the memory foam, but people will be able to adjust their side of the bed with the air support feature." Discounting Trends
- "Some Tempur-Pedics are up to 50% off right now. That is a great savings and they are going quickly."
- "We currently have select Tempur-Pedics on clearance to make way for the new adjustable bases that are coming in."

Discounting Trends

- "We have a Memorial Day period sale now, with \$150 off on the regular price of \$2,699 on the Tempur-Pedic Cloud Supreme mattress and foundation. We can't offer discounts without approval of the dealers; it's that way on all the brands."

Other

- "What I really see happening is we sell a memory foam mattress to somebody, and other people will try it and come and want to look at one or buy it. Word of mouth is really the biggest seller. I wish I could have a buyer in the store all the time. They would be a great sales tool."

Reporter observations: The Tempur-Pedic line is the biggest seller, though the mattresses are displayed at the rear of the store instead of up front. Small discounts are offered on some lines, but they are simply noted in the price tag instead of in any kind of sign or banner. No shoppers were in the store on this Thursday morning.

13. Owner of several mattress stores in Kansas City, MO

Sales of coil mattresses are on the wane and foam is on the rise as people come to appreciate the difference in sleep quality. The new Choice mattress has not yet arrived in the store.

2Q YoY Coil Mattress Sales

- "Sales of coil mattresses are declining; they are just not what people want anymore. ... People see that coil mattresses don't have the sleep quality of foam mattresses. They can tell the difference right away when they get the foam mattresses."

2Q YoY Foam Mattress Sales

- "Sales of foam mattresses are going up as fewer people buy coil. I think that will continue."

Customer Opinion: TPX Memory Foam versus Competitor's Memory Foam

- N/A

TPX in-store slots vs. total in-store slots

- "We have 10 of 24 slots Tempur-Pedic."

TPX slots increased/decreased since the start of 2013

- N/A

TPX Choice Bed Slots

- "I don't know what mattresses Choice will replace in the store."

Customer Reactions to Choice

- N/A

Discounting Trends

- “We have discounted some of our mattresses because we are moving, so we have more discounts than usual. We can sell floor samples for any price we want, but not ones we order in. We have agreements with dealers on limits of discounts we can offer.”

Reporter observations: The store is tucked into shopping district next to a Chipotle restaurant and is relocating soon. It is a small store, with only 24 slots and Tempur-Pedic taking 10 of them. Sleep One stores had a Memorial Day sale, offering \$300 off the \$2,999 Tempur-Pedic Cloud mattress and up to \$500 off the Tempur-Ergo collection, according to a web site ad that also ran in print. It also offered 0% interest for five years. No customers were in the store on Thursday midday.

14. Mattress sales manager at a major department store in the San Francisco Bay Area

Mattress sales at this major American department store have dropped by 30% overall year-to-date, but sales of memory foam have increased. Approximately 70% of sales are coil, and 30% memory foam. Of the memory foam sales, about 60% are Serta iComfort beds, 20% Sealy Posturepedic Optimum series, and 20% Tempur-Pedic Rhapsody and Cloud series. Nearly half of the floor's 54 slots are memory foam beds, including seven from Tempur-Pedic. About half of all sales at this store are queen coil sets under \$1,000.

2Q YoY Coil Mattress Sales

- “At our store, about 70% of our sales are coil and 30% memory foam.”
- “Overall [coil and memory foam], our year-to-date sales are down by 30%.”

2Q YoY Foam Mattress Sales

- See above
- “Our Memorial Day Weekend sales were down 40% to 50% compared to last year.”
- “Although we’ve had less sales than last year, we’ve had more memory foam sales than last year.”

Customer Opinion: TPX Memory Foam versus Competitor's Memory Foam

- “The Tempur-Pedics are very expensive. People want a bed to fit their budget.”

TPX in-store slots vs. total in-store slots

- “We have seven Tempur-Pedics out of 54 slots.

TPX slots increased/decreased since the start of 2013

- “The number of Tempur-Pedics hasn't changed over the year.”

TPX Choice Bed Slots

- “Our store will not carry the Choice beds because there isn't any more space on our floor. Another other store [about 30 miles from Cupertino] will carry the Choice beds because they have more space.”

Customer Reactions to Choice

- N/A

Discounting Trends

- Noticed this Free Nook advertisement only at this particular store: “From 5/12/2013 through 6/1/2013 Tempur-Pedic is offering a free Nook Simple Touch with a purchase of Tempur-Pedic mattress flat set or Tempur-Pedic mattress plus Tempur-Pedic Ergo adjustable base.”
- [All mattress dealerships selling Tempur-Pedic are advertising the company's \$500 off sale from 5/15 to 6/2].

Other

- “Our best memory foam seller is the Serta iComfort series, then the Sealy Posturepedic Optimum series. During this past Memorial Day Weekend, our best seller was the Sealy Posturepedic Optimum.”
- “The Serta iComfort generates about 60% of our memory foam sales, then 20% to Sealy Posturepedic Optimum, and 20% to Tempur-Pedic, primarily with the Rhapsody and Cloud series beds.”

“Although we've had less sales than last year, we've had more memory foam sales than last year.”

*Mattress Sales Manager
Major Department Store
Bay Area, CA*

- “We haven’t met our sales goals. It might be due to lack of advertising and that our mattress department is in the basement of the store. Our entire district is down, but last year we did well. Some stores are doing better than others because they have more variety on the floor.”
- “We have five memory foam brands on the floor right now. Half our floor is almost memory foam.”
- “If memory foam gets cheaper, with more variety, then it will sell heavily. About half of my sales are queen sets under \$1,000. If there was a good memory foam queen set under \$1,000, then it would sell well.”

Reporter Observations: This store is in a large mall with J.C. Penney and Macy’s. Only one customer came during the one-hour visit on a Wednesday midday asking to buy a bed base. The display of Serta’s iComfort series was clearly much more attractive than that of Tempur-Pedic. The Serta iComfort faux headboard had large pictures, few words, along with subtle background lighting around the iComfort logo. The Tempur-Pedic faux headboard had more words and smaller photos in a tile-like visual display without background lighting.

15. Manager of a chain mattress store in the San Francisco Bay Area

Exact numbers weren’t provided, but on a monthly basis, the manager noted that currently about 60% of sales are from memory foam mattresses and 40% from coil mattresses, with memory foam steadily growing over coil. Of all memory foam sales, approximately 90% are from Tempur-Pedic. This chain mattress store had 15 Tempur-Pedic slots out of 56 overall. The Tempur-Pedic Choice Luxe had just arrived earlier in the week and the Choice Supreme bed was expected to arrive the following day, increasing Tempur-Pedic slots to 16 out of 57. A current Tempur-Pedic sale from May 15 to June 2 gives up to \$500 off mattresses and adjustable bases depending on size. The manager noted that Tempur-Pedic sales can be “sweetened” with up to \$300 of Tempur-Pedic pillows and sheets.

2Q YoY Coil Mattress Sales

- “On a monthly basis, about 60% of the mattresses we sell are memory foam and about 40% are coil mattresses.”

2Q YoY Foam Mattress Sales

- “Memory foam sales [are] moving higher over coil.”
- “Of the memory foam mattresses that we do sell, I would say 90% are Tempur-Pedic mattresses.”
- “Tempur-Pedic’s biggest competitor is Serta.”
- “I see the overall trend [in mattress sales and manufacturing] going towards all memory foam with movable/adjustable bases. The movable/adjustable bases can take any mattress and make it customizable for each client.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “People do their research before they come in and some comment on the good things they’ve read Tempur-Pedic’s memory foam, and some will say that they’ve read that memory foam sleeps hot. It can sleep hot because it’s foam and does cover more surface area of the body, but it’s usually based on the person themselves being a hot sleeper.”

TPX in-store slots vs. total in-store slots

- “Of the 56 slots in the store, 15 are Tempur-Pedic slots.”

TPX slots increased/decreased since the start of 2013

- N/A

TPX Choice Bed Slots

- “We just got our Tempur-Pedic Choice Luxe bed in yesterday and tomorrow the Choice Supreme will be arriving. After tomorrow we’ll have two Choice slots out of a total of 57 slots [to make a total of 16 Tempur-Pedic slots of 57].”

Customer Reactions to Choice

- “We just got the Choice Luxe in yesterday and the Supreme is coming in tomorrow [vacuum was sitting in the open space slot for the incoming Choice Supreme]. It’s only been a day and I wasn’t here yesterday, but you can see that there are some marks here on the bed from someone’s shoes, so it’s already being tested by customers...”

Discounting Trends

- “At this time, from 5/15/13 through 6/2/13 there is a Tempur-Pedic promotion that gives up to \$500 off a new bed and an adjustable base depending on the size purchased [King/Cal-King \$500 reduction, Queen/Doubles \$300...].”
- “We also can also sweeten the deal and include up to \$300 in Tempur-Pedic accessories, like Tempur-Pedic pillows or Tempur-Pedic 100% Egyptian Cotton Advanced Performance Linens.”

Other

- “Tempur-Pedic is the only mattress company that actually produces its own memory foam. All the other companies subcontract out their memory foam manufacturing.”
- “There’s a lot of R&D that goes into a Tempur-Pedic mattress.”
- “The Tempur-Pedic Choice mattress has an internally modular design and is a hybrid of air mixed with memory foam. The Sealy Posturepedic hybrid mattress mixes coils with memory foam.”
- “Almost all the adjustable bases available by any of the mattress companies are made by [Leggett and Platt](#). I’m not sure who Tempur-Pedic uses for their adjustable bases.”

Reporter Observations: This mattress store’s location was in a large shopping center with Nordstrom Rack, Old Navy, Storables, and Burlington Coat Factory nearby. However, due to construction on the façade of the buildings, the manager said that store traffic had been slow. No customers walked in during the Friday morning hour that we visited. As noted above, the manager had been vacuuming the spot for the Choice Supreme bed expected to arrive soon.

16. Retail sales associate at a mattress store in the Kansas City, MO, region

Sales of both coil and foam mattresses are down year over year for the second quarter, in part due to over-saturation of this area’s market and consumer’s lack of confidence in the economy. The Choice is not yet carried in this store. Tempur-Pedic’s Simplicity line was on clearance three months ago.

2Q YoY Coil Mattress Sales

- “The first quarter was crummy and not much better in the second quarter. Sales were down ... The problem is there is a mattress store on every corner here now. The market is only so big and there is so much competition.”

2Q YoY Foam Mattress Sales

- “They are down. Mattress sales are indications of what the economy is doing. Times are still not great and people are holding off on buying expensive mattresses. It is not seen as essential.”

Customer Opinion: TPX Memory Foam versus Competitor’s Memory Foam

- “It’s the No. 1 mattress. They like that feel, something they can sink into. After customers talk to me they are sold on the Tempur-Pedic foam because so much of the cost goes into the good material instead of labor. It is worth it.”

TPX in-store slots vs. total in-store slots

- “As you can see, we have six slots for Tempur-Pedic out of 40 slots in the store. That is all we need and they sell great.”

TPX slots increased/decreased since the start of 2013

- N/A

TPX Choice Bed Slots

- “We don’t have the Choice in.”

Customer Reactions to Choice

- N/A

Discounting Trends

- “We had Tempur-Pedic Simplicity line on clearance about three months ago because we wanted to get rid of them. They just weren’t selling. People who buy a Tempur-Pedic buy for quality. They don’t want a cheaper mattress. It would be taking a Lexus and making it a three-cylinder so it would cost less. Nobody wants a cheap Lexus.”

Reporter observations: This is a no-frills mattress store, not big on decor or fancy displays. Midday Thursday the six slots for Tempur-Pedic were near the entrance on the right, only making up a small number of the 40 slots overall. One customer was in the store debating whether to buy a Tempur-Pedic foam and said she needed more time to decide. The sales associate said this is a typical reaction. No other customers were in the store during the 45-minute period. There are two mattress stores within a block—a Mattress Firm and a Mattress Hub, a Kansas-based chain.

17. Associate at a large furniture store in suburban Milwaukee

Tempur-Pedic

High cost of purchase and repair leave this source skeptical about its impact on Tempur-Pedic's sales. Although foam mattress sales are up over 20% since last May, coil still sells more often at this store. Tempur-Pedic sales are a small percentage—about 5%—while Serta's iComfort accounts for a third of sales. Behind iComfort is the Simmons ComforPedic line. They have the two new Stearns & Foster foam mattresses along with the new iComfort line called [Inception](#). They are not certain they will get Tempur-Pedic's Choice line at this store.

2Q YoY Coil Mattress Sales

- "Coil mattresses still sell more than foam at this store, but foam is quickly catching up."
- "Coil still sells because of the price. They are more affordable."

2Q YoY Foam Mattress Sales

- "The foam mattress business is growing at a rapid rate. We are up at least 20% since this time last year in foam mattress sales."

Customer Opinion: TPX Memory Foam versus Competitor's Memory Foam

- N/A

TPX in-store slots vs. total in-store slots

- "We carry five types of Tempur-Pedics."
- "We have about 50 slots on the floor."

TPX slots increased/decreased since the start of 2013

- "Our sales floor has not changed this year, nor has the number of Tempur-Pedics we carry."

TPX Choice Bed Slots

- "It is not a certainty that we will be getting the Choice line in. We have not heard for sure either way."

Customer Reactions to Choice

- "I am skeptical the Choice line will be a big seller. With the air beds, there is so much that can go wrong. They are expensive to buy and costly to repair."

Discounting Trends

- "iComforts are [discounted] 50% now with another 10%."
- "The Tempur-Pedic line is price-regulated, so we cannot discount them. We can discount the other lines like Serta and Simmons or give a gift card with purchase."

Other

- "Serta has introduced a new iComfort line and we have the Inception on the floor now."
- "About 30% of the mattresses we sell are iComfort."
- "Behind the iComfort, Simmons' ComforPedic line does well."
- "Serta's iComfort line is our top selling line."
- "Tempur-Pedic accounts for a small percentage of the mattresses we sell here—about 5%."
- "It is all about economics for a lot of people and they cannot afford Tempur-Pedic."
- "Foam mattresses are so big now that even Stearns & Foster introduced two foam mattresses. We just got them in and one is called Annalise."
- "I just sold a coil set to a college graduate this morning. \$899 for a queen set. You can't get a queen foam set for that price."

Reporter Observations: This is a large furniture store with the mattresses on the second floor. Tempur-Pedics were lined up right on the main aisle, but there is no brand signage. The iComforts were behind them with four of them lined up in a row. Over each one was a big neon sign that said "iComfort." There is also neon signage up for the Simmons ComforPedic line. During a midday Monday visit, one lady aged 40 to 50 was asking about coil mattresses. There were no other mattress customers in the store.

Secondary Sources

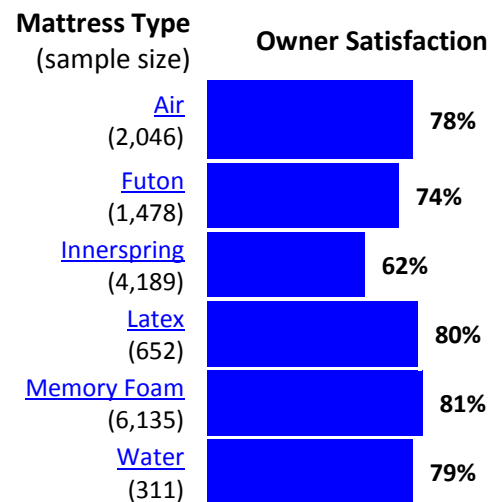
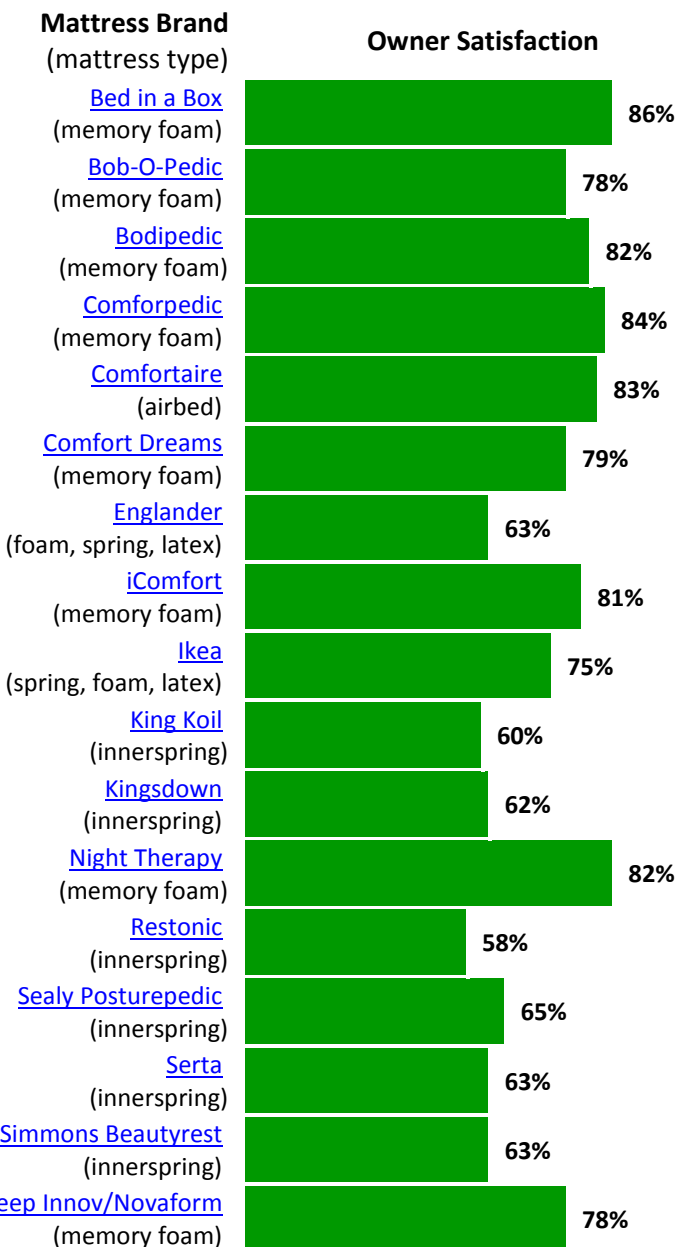
The four secondary sources show memory foam mattress are the No. 1 type of brand among consumers; Tempur-Pedic ranks seventh among its competitors; plant-based mattresses are on the rise; increased competition and online eco-friendly consumers are hurting Tempur-Pedic; and price is holding back the potential of Tempur-Pedic's Choice line in the air-mattress market.

Tempur-Pedic

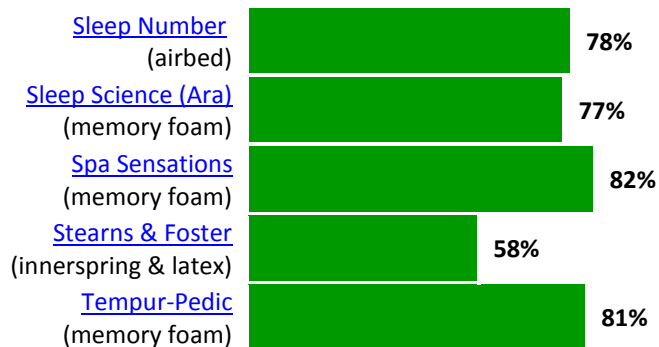
► **April 21 Sleep Like the Dead** [article](#)

In a composite of 16,764 consumer reviews, memory foam mattresses rate the highest in consumer satisfaction. Those same consumers ranked their satisfaction by brand showing that Tempur-Pedic obtained a 81% satisfaction rate, which ties them as the seventh-highest ranked mattress brand.

- “Innerspring beds tend to rate considerably **lower** than most other mattress types, including memory foam, air and latex.”



Tempur-Pedic



► Feb. 19 Mattress Journal [article](#)

Tempur-Pedic is viewed as a high-quality, high-priced mattress brand by consumers, but a rise in eco-friendly shoppers combined with increased competition, eco-friendly manufacturers, and Tempur-Pedic's lack of environmentally-friendly products have slowed business as consumers become more price-conscious and seek out deals online. It was pointed out that Tempur-Pedic is trying to play catchup to what consumers want and what other manufacturers are putting out into the market.

- "Tempur-Pedic's underperforming sales and recent expansion into other sectors leads many to wonder whether the brand has lost touch with what customers want."
- "In an effort to address previous complaints of sleeping hot with their Tempur-Pedic line such as sleeping hot, trapped or sinking feelings, and too few options, the company seems to be trying nearly every route to maintain relevancy. Their new additions including Tempur-Choice airbeds and the Tempur-Ergo Premier adjustable beds represent a push to turn things around, but is that what shoppers are looking for?"
- "Advances in the creation of memory foam using sustainable and eco-friendly methods to reduce the release of dangerous chemicals have transformed the industry. However, Tempur-Pedic foams, by all accounts, are not eco-friendly. They make no claims about using natural products or eco-friendly manufacturing processes. Other brands like [Amerisleep](#) continue enjoying growth, with plant-based foams, renewable fabrics and VOC-free, green manufacturing."
- "Traditional memory foam is a natural insulator, meaning it tends to retain body heat near sleepers rather than dissipate it. For people that naturally sleep warm, this can be a problem and is in fact one of the biggest complaints for Tempur beds. Plant-based memory foams with open-cell technology and other types of foams like natural latex dissipate heat better and thus allow for cooler sleep."
- "One other factor that plays a role in mattress satisfaction is the ability to move in bed and get in and out easily. Tempur-Pedic material has a very slow response rate, which can often leave sleepers with a "stuck" feeling and make moving around difficult or unpleasant."
- "Newer memory foams that retain the buoyancy and density while offering greater responsiveness solve this issue and may lead to more satisfactory sleeping."
- "Traditional memory foams by nature contain VOCs with a host of potential side effects. The fire retardants, synthetic fabrics and glues used by most big mattress companies further add to the chemical mix. Tempur-Pedic remains very vague on what their products contain in material and additives, which is seen a negative for many shoppers."
- "With the Internet becoming a popular shopping tool, shoppers are comparison shopping and expecting sales and deals now more than ever. However, Tempur-Pedic remains very reluctant to offer sales, discounts or promos in an effort to maintain their prices and luxury image."
- "Tempur's entry into the airbed market with Tempur-Choice is astounding to members of the industry as they had long proclaimed the mattresses inferior. Indeed, air mattresses do rank lower in satisfaction than memory

Tempur's entry into the airbed market with Tempur-Choice is astounding to members of the industry as they had long proclaimed the mattresses inferior. Indeed, air mattresses do rank lower in satisfaction than memory foam, but still higher overall compared to spring mattresses.

Mattress Journal Article

foam, but still higher overall compared to spring mattresses. This new collection offers 4 to 5 inches of memory foam over adjustable air chambers, and will have similar pricing and warranties to the brands other offerings.”

- “The beds themselves aim to compete with air mattress brands, which maintain a significant proportion of specialty mattress sales, but competition in the market is fairly tight. Unless Tempur-Pedic offers a truly revolutionary line, they may find it hard to break into this sector and compete, especially being one of the most expensive brands.”
- “The Simplicity represents their attempt to compete with lower-priced models; however, this bed has received critical attention for using low 2.5-lb. density foam and still charging much more than comparable lines using 4 lb. and higher densities.”

➤ Feb. 14 Mattress Inquirer [article](#)

Tempur-Pedic’s Choice line is viewed as an essential move for the company as it needs a diversified product line. Price is viewed as a major obstacle that could hold the line back from taking off with air mattress users, as other air mattresses feature similar offerings at cheaper prices.

- “Tempur-Pedic surprised the mattress industry by introducing its newest line, Tempur-Choice to its list of bed options at the 2013 Las Vegas Market furniture show. The move proved surprising because this particular model strays away from the brand’s typical memory foam mattress. Tempur-Choice is, in fact, an adjustable air mattress.”
- “While Tempur-Pedic is understood to be trying to remain innovative, the industry and consumers alike are unsure of how well the mattress will go over in the market. This mattress is such a huge step back from what they usually offer that it may prove to be too much of a change for consumers.”
- “Tempur-Choice is different than any other mattress that has been offered thus far by Tempur-Pedic, but similar to those offered by Select Comfort and other air mattress retailers.”
- “The bed features a six-chamber design offering three chambers for each sleeper in queen and king sizes. The mattress has adjustable settings for the head, lumbar, and foot which allows each sleeper to create the most comfortable position. Sleepers can access the adjustments with the remote offering over 100 settings. This speaks to consumers because it means that they have the opportunity to make the bed their own. In fact, Tempur-Pedic’s tag line for this mattress line is ‘Your bed. Your way.’”
- “The two mattress types that will be offered in this line of beds are the Supreme at \$3,499 and the Luxe at \$3,999.”
- “In short, profit and competition are the two leading reasons why they seek to introduce airbeds, which represents a significant proportion of the specialty mattress market.”
- “Tempur-Pedic is known for offering luxury mattresses. Memory foam is said to be one of the absolute best types of mattresses, and is typically the highest rated of all mattress types. Perhaps the most curious thing about Tempur-Pedic introducing air to their line is that air mattresses, while higher than innersprings, tend to have lower customer satisfaction than memory foam.”
- “Another potential issue is the cost. At \$3,500 and up, this line will be out of reach for many shoppers. Comparable beds like the 8 and 10 Series from SimplyRest.com offer similar features and sell for far less, so consumers may not see the advantage.”
- “Essentially, Tempur-Choice is an attempt by Tempur-Pedic to stay abreast of competition and keep its shares above water. The collection attempts to take the best of air and memory foam and mesh it all together.”
- “While the brand recognition may pique curiosity initially, the company will have to prove that the comfort matches the price tag. Still, many people know Tempur-Pedic for their memory foam and may be hesitant to try something different, especially a mattress type long regarded by the brand itself as inferior.”

At \$3,500 and up, this [Tempur-Choice] line will be out of reach for many shoppers. Comparable beds like the 8 and 10 Series from SimplyRest.com offer similar features and sell for far less, so consumers may not see the advantage.

Mattress Inquirer Article

➤ Feb. 22 Mattress Journal [article](#)

Plant-based memory foam mattresses are the top choice across the board among traditional, plant-based, and gel mattresses using the criteria price, heat dissipation, off-gasing, response time, and durability. Traditional memory foam

from Tempur-Pedic was shown to be the last in every category except durability, demonstrating the potential for plant-based mattresses to be the next generation of mattresses to capture consumer attention.

- “We used comparative data to address issues such as sleeping hot, off-gassing, response time, and price to help consumers choose between traditional, gel, and plant-based memory foam mattresses. In general, these mattresses are created using the following methods: Plant-based memory foam, as used by Amerisleep, is produced with a large open cell structure from sustainable plant-sourced materials which can be replanted year after year, and does not contain any VOCs. Traditional memory foam is created from petroleum-based polyurethane and while it varies according to brand and the manufacturer has been tested to contain nearly 61 dangerous compounds. It does release VOCs. Gel-infused (beads or poured) and layered memory foam are recent newcomers that DO NOT include VOC-free advertising. It has proven difficult to learn whether it does emit VOCs, however since mixed with traditional memory foam, they would likely be released.”
- “Plant based memory foam mattresses feature 10X larger cell structure which allows a much higher rate of breathability. ...Brands like Tempur-Pedic ‘take a lot of heat’ for this complaint and have tried developing remedies, though the issue persists in reviews. Gel-based memory foam advertises the use of transference to move the heat; however, this may prove ineffective. Brands like iComfort claim their products sleep cooler, but recent complaints from the [Better Business Bureau’s] [NAD](#) about misleading advertising have led Serta to drop comparison claims against Tempur-Pedic.”
- “Off-gassing can be a serious issue when VOCs are present as they can continue to emit fumes for years.”
- “Plant-based memory foam from brands like Amerisleep does not contain any toxic VOCs. However, any new product may have a slight material odor no matter what is used, but with this type of foam it does not appear to cause complaints of major discomfort or persistence. Traditional memory foam has been associated with a high concentration of VOCs as mentioned above. These release a mix of odors, and often lead to complaints in reviews. People with respiratory sensitivities like asthma prove especially sensitive to off-gassing odors which can persist for weeks after unpacking. Gel-based memory foam does not make any VOC-free claims.”
- “Overall memory foam mattresses have ranked well with owners, receiving the highest overall satisfaction ratings from all other mattress types.”

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