

Key Takeaways

Advertising Channel Scan™

Advertising Trends

- Between March 2020 and February 2023, a total of \$443M was allocated to digital ads by the competitive set, with monthly
 ad spend showing an upward trend.
- Ad spending had a **seasonal pattern**, with higher spending occurring in the **year's second half**, largely driven by Black Friday ad campaigns.
- **Sleep Number** was the largest spender of the competitive set, making up 46% of the total, followed by **Nectar Sleep** (25%) and **Casper** (20%). Saatva (9%) had the smallest ad budget.

Platform Trends

- Competitors prioritized **Paid Search**, which comprised 45% of the total ad spend at \$198M. **Paid Search** was the top platform for all brands except Casper and focused mainly on **desktop devices**, indicating a preference for reaching users searching on desktops over **mobile devices**.
- Casper and Nectar Sleep allocated the largest proportion of their ad spend on Facebook ads at 32% and 21%, respectively, while the competitive set spent \$73M (17%) on Facebook advertising. The preferred ad format on Facebook was Link posts.
- **Sleep Number** was the only brand that heavily invested in **OTT** ads, allocating \$35M with 76% of the overall budget for 30-second video ads.
- **Instagram** and **TikTok** have been **gaining importance**, with **Instagram** ad spend increasing by **+143%** over the three years. Additionally, TikTok saw a substantial increase in investment, with **\$6M** allocated from Mar. 2022 to Feb. 2023.

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Key Takeaways

Do's:

- Emphasize sales and discounts, and offer additional promotions to sweeten the deal, such as free pillows and sheets.
- Utilize social proof, such as happy customer reviews or BBB ratings.
- Emphasize financing options, such as 0% interest for 60 months, to make the purchase more feasible for potential customers.
- Use catchy headlines, worry-free messaging, and simple language to make the ad memorable and easily comprehensible.
- Feature testimonials, celebrity endorsements, and product stats to establish credibility and build trust with the audience.

Don'ts:

- Disregard potential customer concerns and doubts in ad creative.
- Forget to emphasize product benefits in addition to sales and discounts.
- Overcomplicate messaging with too much information.
- Fail to target competitor keywords and product review-seekers.
- Overlook platforms like Snapchat, TikTok, and Instagram that have a younger audience and less competitive focus.

RightMetric

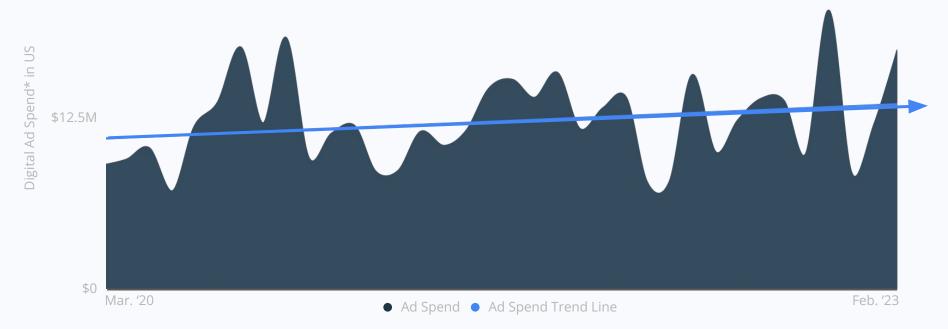
The following companies were included in the competitive set for this analysis:



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From March 2020 to February 2023, the competitive set allocated \$443M to digital ads. Despite some monthly fluctuations, monthly ad spend has been trending upward.

\$25M

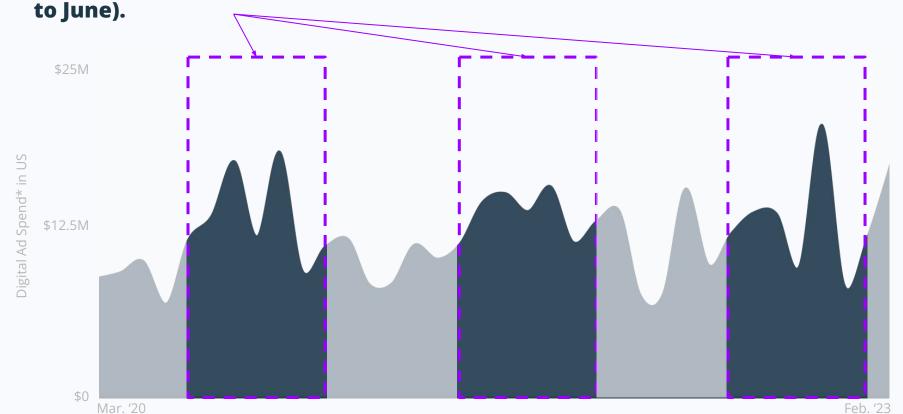


While yearly ad spend has remained relatively constant, there was a +4.2% YoY increase from Mar. '21 - Feb. '22 and a +0.2% increase from Mar. '21 - Feb. '22.

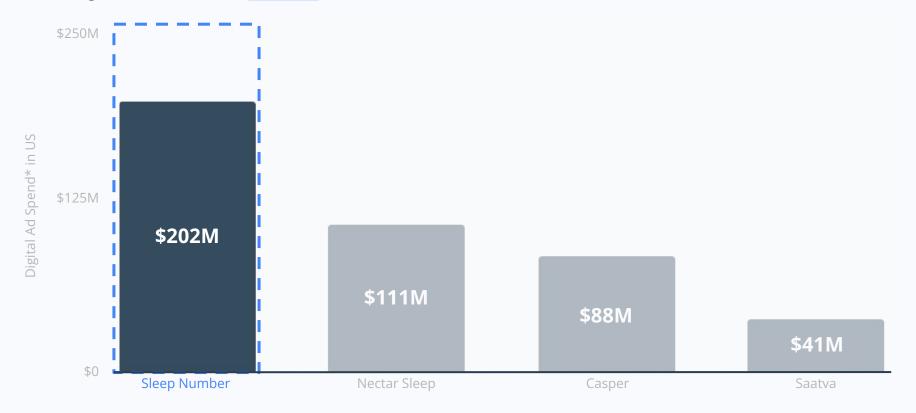




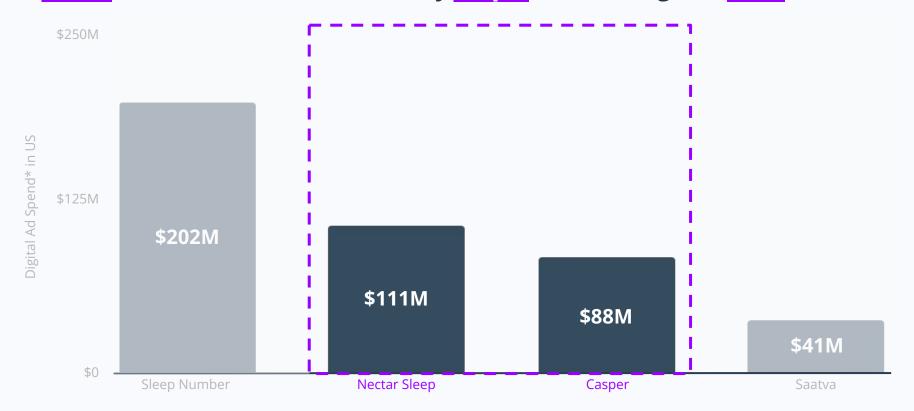
There was a seasonal pattern in ad spend, with higher spending occurring in the second half of the year (July to December) than in the first half (January



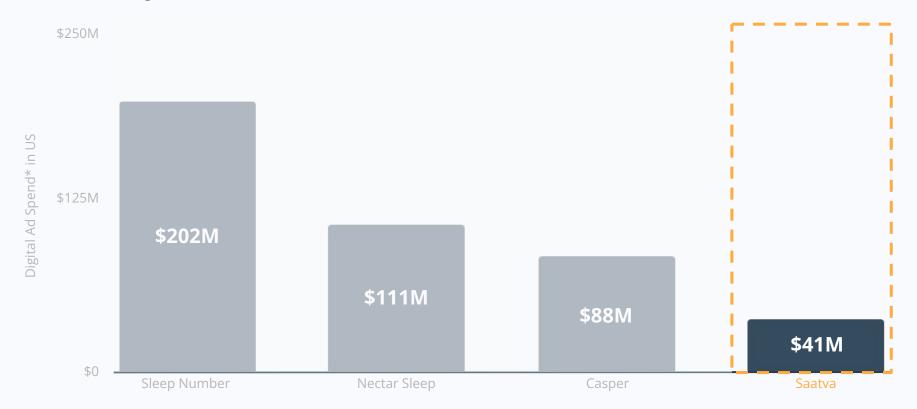
Sleep Number made up 46% of the \$443M total ad spend amongst the competitive set at \$202M.



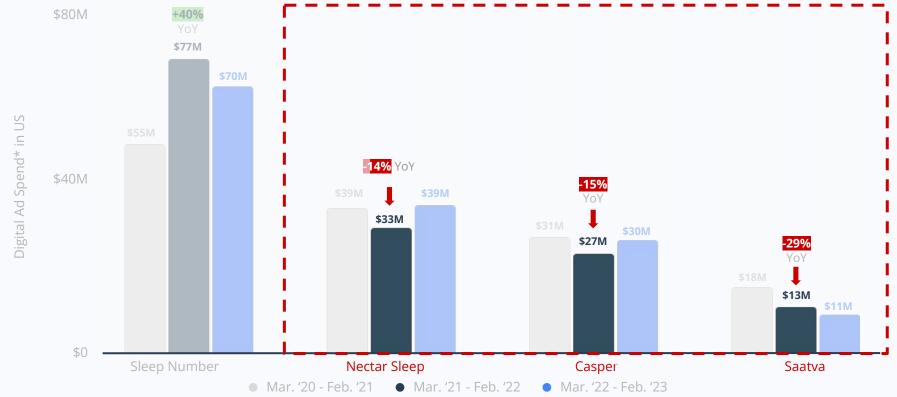
Nectar Sleep allocated the next highest amount for advertising, spending \$111M (25% of the total), followed by Casper, with a budget of \$88M (20%).



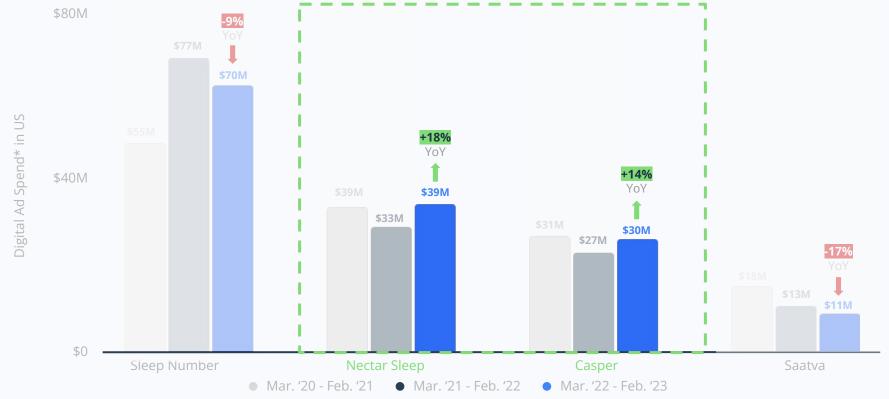
Saatva saw the smallest ad budget, allocating **\$41M**, making up 9% of the total ad spend.



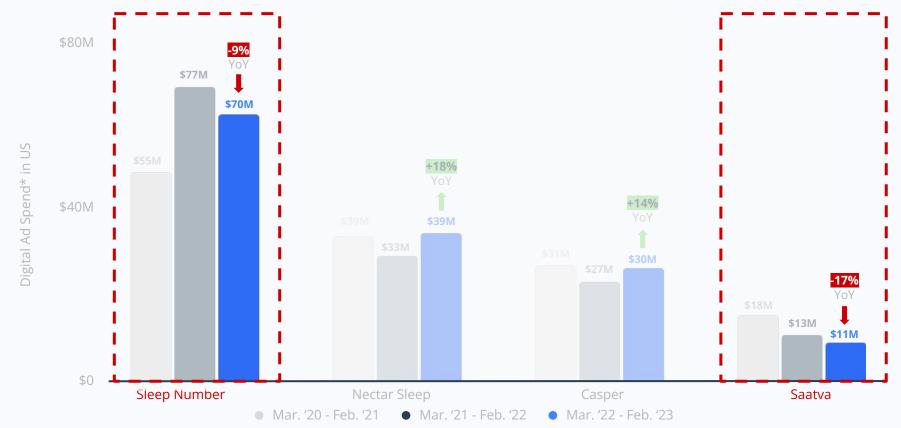
All brands, except for Sleep Number, experienced a decrease in their annual ad spend between March 2020 and February 2022. Saatva had the largest decline, with a decrease of -29% YoY.



Nectar Sleep and **Casper** both saw a rise in their annual advertising expenses from March 2021 to February 2023 (+18% and +14%, respectively), although the amount spent was less than what they spent from March 2020 to February 2021.



Sleep Number and Saatva saw a decline in their annual advertising expenses from March 2021 to February 2023 (-9% and -17%, respectively).



Saatva experienced the most significant decline in advertising spend, dropping from \$18M to \$11M over the three-year period, representing an -41% decrease.



Sleep Number experienced the most significant increase in advertising spend, increasing from \$55M to \$70M over the three-year period, representing a +27% increase.



Casper

saatva

nectar

sleep 😝 number



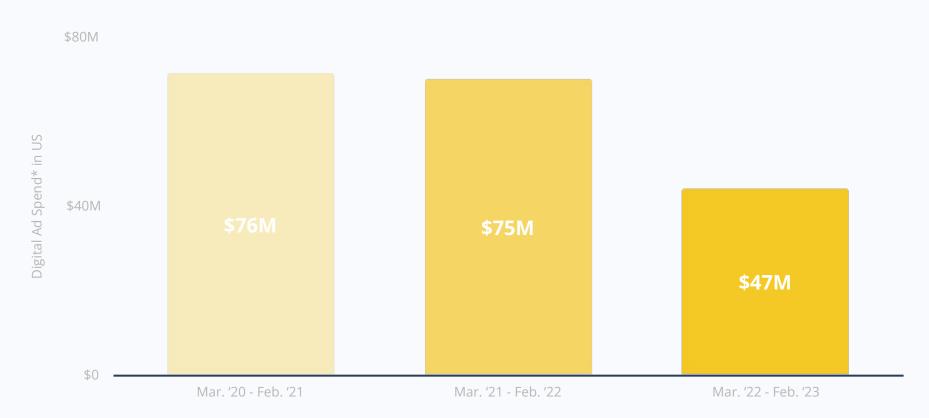
Channel	Budget
Paid Search	\$198M (45%)
Facebook	\$73M (17%)
YouTube	\$49M (11%)
Display	\$45M (10%)
• OTT	\$41M (9%)
Instagram	\$28M (6%)
TikTok	\$6M (1%)
Twitter	\$1M (0.3%)
Snapchat	\$830K (0.2%)

The highest priority for ad spend allocation among the competitors was given to Paid Search, which accounted for 45% of the total budget, amounting to \$198M.

Following that, Facebook and YouTube were the next significant channels, with \$73M (17%) and \$49M (11%) of the budget allocated to them, respectively.

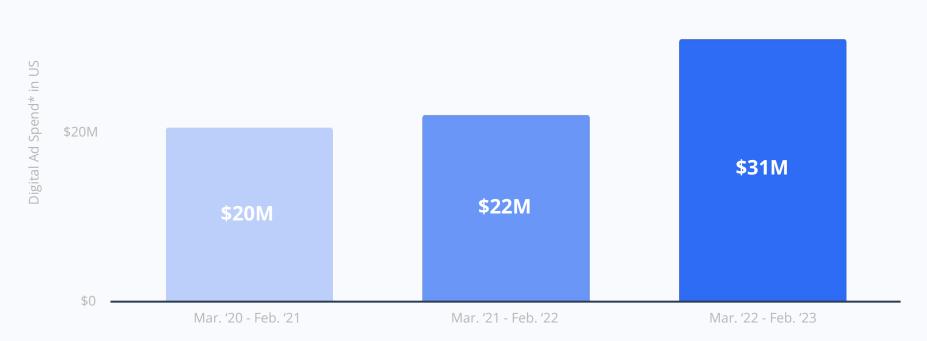
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Paid Search spending has decreased significantly, dropping from \$76M in March 2020 to February 2021 to \$47M in March 2022 to February 2023 (-39%).



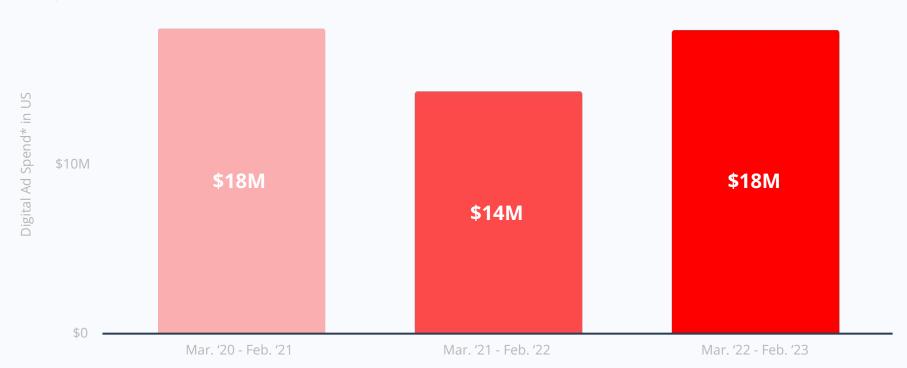
While Facebook has been on the rise, with a growth of +51% from over the three-year period.



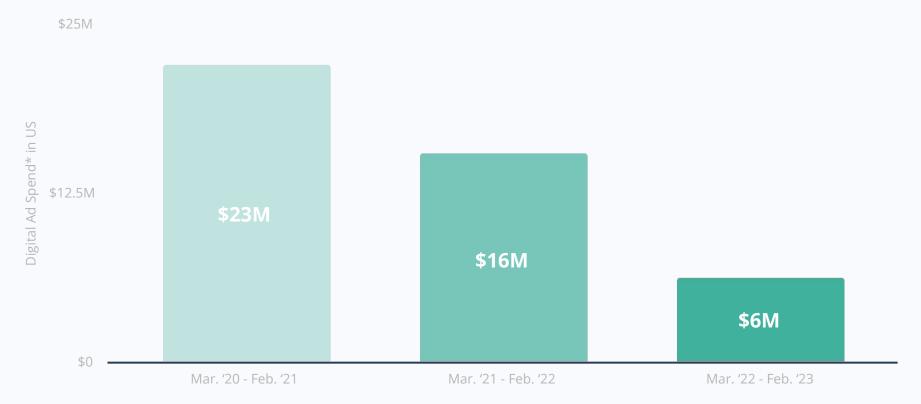


Following a -21% decline in ad spend from March 2020 to February 2022, YouTube's ad spend stabilized from March 2022 to February 2023, with a spend of \$18M, similar to the first year.





Out of all the platforms, Display experienced the largest decline in ad spend, dropping from \$23M in March 2020 to \$6M in March 2022, representing a -72% decrease.



Although OTT ad spend data was unavailable until October 2021, ad spend has been trending upwards, with \$26M being allocated from March 2022 to February 2023.



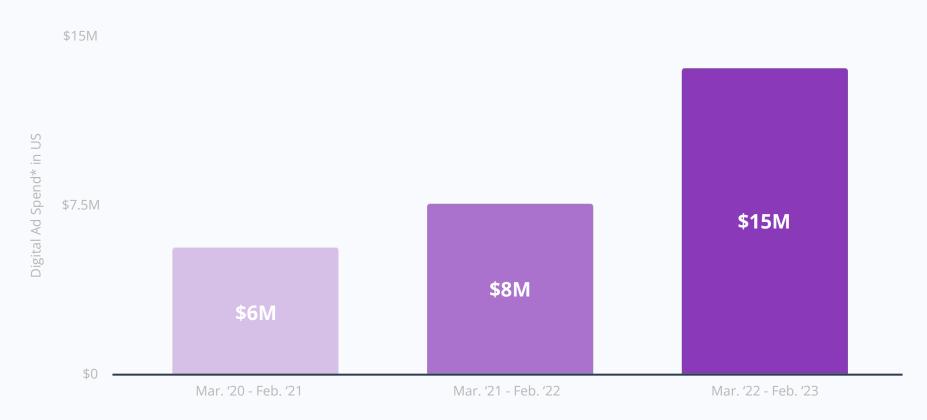
Mar. '21 - Feb. '22

Mar. '22 - Feb. '23

N/A

Mar. '20 - Feb. '21

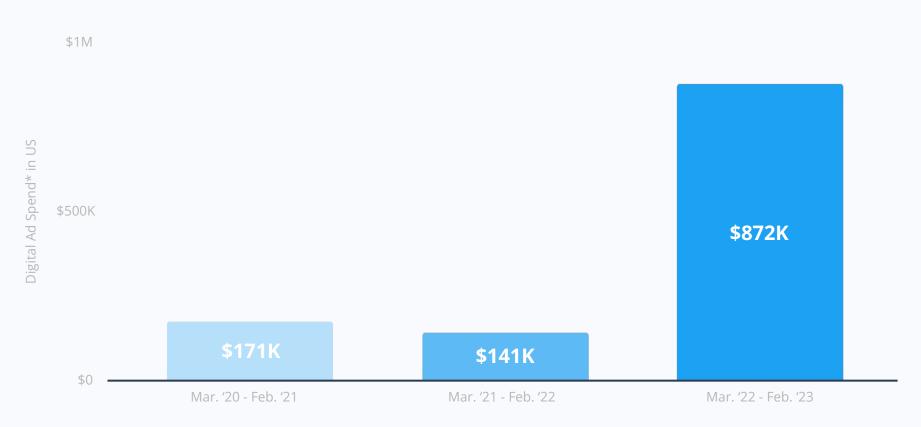
Instagram ad spend has been on the rise with ad spend increasing by +143% over the three-year period.



Although ad spend data for TikTok was not available until January 2022, there has been a substantial increase in the competitive set's investment in ads on the platform, with a \$6M allocation from March 2022.

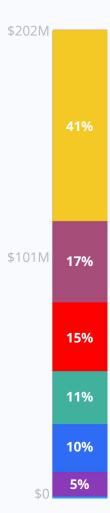


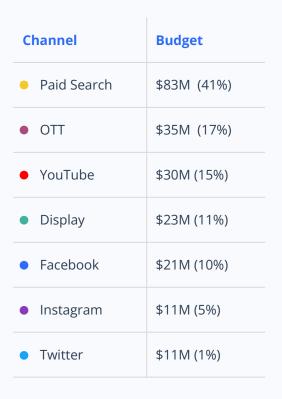
Twitter has experienced the greatest increase in yearly ad spend, increasing from \$171K in March 2020 to \$872K in March 2022 (+408%).



Although Snapchat ad spend data was unavailable until January 2022, spending on the platform has been on the rise. However, it still receives the smallest allocation of ad spend among all the platforms.



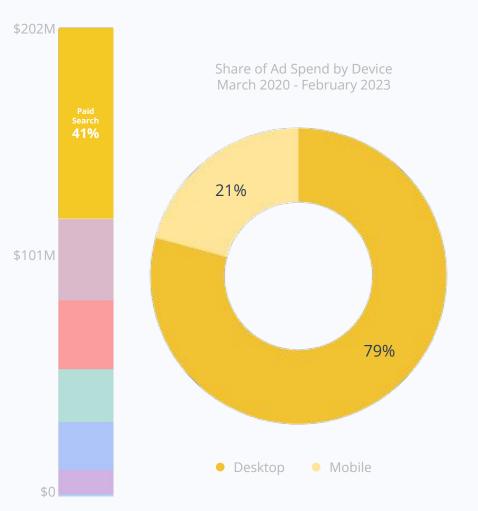






Sleep Number had the largest budget amongst the competitive set at \$202M.

41% of their budget went towards Paid Search (\$13.4M), followed by OTT at \$35M and YouTube at \$30M.





Sleep Number budgeted \$65M toward Desktop Paid Search (79%) compared to \$17M on Mobile Paid Search (21%).

*1



Paid Search Tactics



Ad · www.sleepnumber.com/ ▼

Sleep Number Black Friday Sale - Save 50% On The iLE Mattress

For A Limited Time Only, Save 50% On The Sleep Number 360® Limited Edition Bed.

Spend: **\$364K** | Traffic: **57K** | CPC: **\$6.3**

View landing page

Ad · www.sleepnumber.com/ ▼

Black Friday Mattress Sale - Queen c2 Mattress Now \$899

Save 50% On The Sleep Number Limited Edition Smart Bed For A Limited Time. Adjustable...

Spend: \$114K | Traffic: 24K | CPC: \$4.8

View landing page

Ad · www.sleepnumber.com/ ▼

Black Friday Mattress Sale - Save 50% On The iLE Mattress

0% Interest For 60 Months On All Smart Beds With A Sleep Number® Credit Card. 60 Equal Monthly Payments Required. Plus Save 50% On The iLE Mattress. Ends Cyber Monday!

Spend: \$132K | Traffic: 23K | CPC: \$5.8

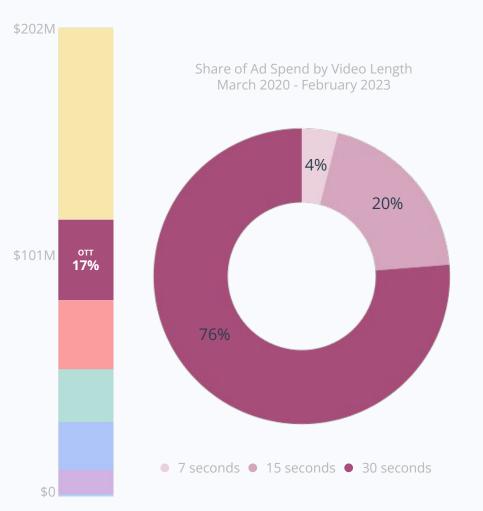
View landing page

Seasonality: Sleep Number saw a spike in its Paid Search ad spend each year in November, with Black Friday ads being the contributing factor.

Highlighting Sales and Discounts:
The ad headlines emphasize Sleep
Number's sales and discounts to
attract potential customers during the
holiday season, highlighting Black
Friday events and its 50% discounts on
specific mattresses.

Financing Options: Sleep Number highlights its 0% interest for 60 months offer in ad descriptions to incentivize potential customers by alleviating affordability concerns and making the purchase more feasible.

RightMetric *1





The majority of Sleep Number's OTT ad expenditure was dedicated to 30-second video ads, which made up 76% of the overall budget.





\$0



Spend: **\$2.2M** | Imp.: **90M** | CPM: **\$24.8** Click to View



Spend: **\$676M** | Imp.: **26M** | CPM: **\$25.7** Click to View

OTT Tactics



- features Dak Prescott, a Dallas
 Cowboys quarterback who shares his
 personal experience with the Sleep
 Number 360 Smart Bed. This helps
 build trust and credibility with the
 audience and makes the ad more
 relatable to them.
- Product Stats: Including statistics in the ad, such as "smart sleepers get 28 minutes more restful sleep per night." reinforces the product's USPs and provides credibility to the product's claims. This makes the audience more likely to believe the product's benefits and consider purchasing it.

\$112M 53% \$56M 21% 9% 8%

5%

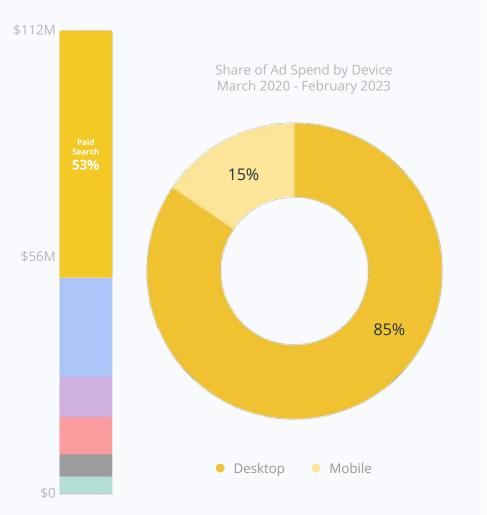


Channel **Budget** Paid Search \$59M (53%) Facebook \$24M (21%) Instagram \$9M (9%) YouTube \$9M (8%) TikTok \$5M (5%) Display \$4M (4%) OTT \$271K (0.2%)

Nectar Sleep had the second-highest digital ad spend among the competitors, amounting to \$111M.

A significant portion of their budget was allocated to Paid Search at 53%, totalling \$59M, followed by Facebook at \$24M (21%).

Only Nectar Sleep and Casper invested heavily in Instagram ads, allocating 9% of their budgets.





Nectar Sleep allocated 85% of its Paid Search advertising budget to Desktop ads, amounting to \$50M. Meanwhile, they spent 15% of their budget on Mobile ads, totalling \$9M.

<u>rightMetric</u> *1

Paid Search 53%

\$56M

Ad · www.nectarsleep.com ▼

33% Off Everything Flash Sale - 33% Off Sitewide Flash Sale

Have Peace of Mind with Our Forever Warranty®. The Last Mattress You'll Ever Need to Buy! Elevate Your Sleep Experience with an Adjustable Base for the Most Comfortable Sleep...

Spend: \$134K | Traffic: 25K | CPC: \$5.5 View landing page

Ad · www.nectarsleep.com ▼

Top Mattress 2022 - Shop Now - Don't Buy that Other Mattress

Have Peace of Mind with Our Forever Warranty®. The Last Mattress You'll Ever Need to Buy!

Spend: **\$122K** | Traffic: **21K** | CPC: **\$5.8**

View landing page

 \mathbf{Ad} · www.nectarsleep.com ullet

33% Off - Black Friday Sale - Don't Buy that Other Mattress

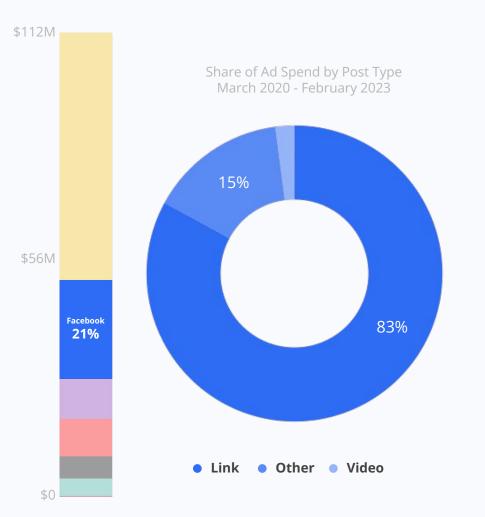
Have Peace of Mind with Our Forever Warranty®. The Last Mattress You'll Ever Need to Buy! Elevate Your Sleep Experience with an Adjustable Base for the Most Comfortable...

Spend: **\$42K** | Traffic: **6K** | CPC: **\$6.5** View landing page

Paid Search Tactics

- Competitor Targeting: Nectar targeted competitors by bidding on their top keywords, including "Purple Mattress" (\$258K), "Casper Mattress" (\$97K), and "Casper" (\$67K) in Nov. '22.
- Negative Language: Nectar's ad headlines for competitor keywords used negative language like "Don't Buy that Other Mattress" to discourage customers from considering other options.
- Attract Review-Seekers: The "Top Mattress 2022" headline aimed to attract review-seekers interested in competitor products or reviews of the best mattresses.
- Sales & Promos: In Nov. '22, Nectar promoted sales in 66%* of their top-paid search ads, including their 33% off Black Friday promotion.

\$0





On Facebook, Nectar Sleep spent 83% of its budget toward Link Post ads (\$21M).

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Nectar Sleep 📀 You spend 1/2 of your life sleeping...it's time to enjoy 1/2 savings at our Black Friday sale. Don't miss our lowest prices ever! **Black Friday Sale** 33% Off Everything nectar 365 Night Trial & Forever Warranty™ NECTARSLEEP.COM Start Your 365 Night Trial Now SHOP NOW (de la constante de la consta

Spend: **\$1M** | Imp.: **178M** | CPM: **\$7.8** Click to View



Spend: **\$1M** | Imp.: **136M** | CPM: **\$7.8** Click to View

Facebook Tactics



- Worry-Free: The ads emphasize the brand's 365 Night Trial to address any hesitation from potential buyers. In addition, the ad offers free shipping and returns and a forever warranty to help instill confidence in buyers and persuade them to purchase without concerns.
- Easy-To-Understand Messaging: This ad employs clear and concise language, and bullet points separated by emojis, to effectively communicate its message. This approach facilitates easy comprehension for the audience, enabling them to grasp the key points quickly.

32% \$44M 18% 9% 9% 6%

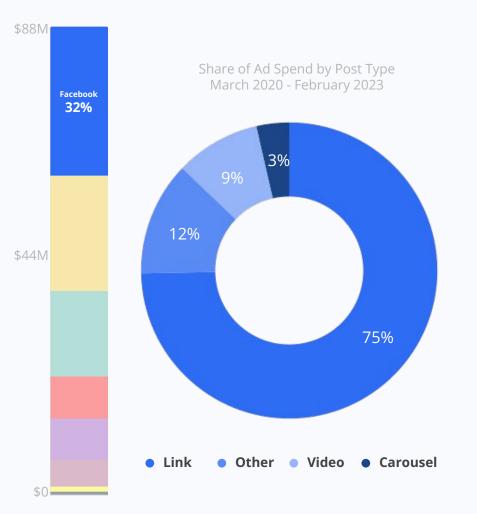
Channel	Budget
Facebook	\$28M (32%)
Paid Search	\$22M (25%)
Display	\$16M (18%)
YouTube	\$8M (9%)
Instagram	\$8M (9%)
• OTT	\$5M (6%)
Snapchat	\$830K (1%)
TikTok	\$630K (1%)
Twitter	\$128K (0.1%)

Casper's expenditure among its competitors was the third highest, amounting to \$88M.



Out of this, \$28M (32%) was directed towards Facebook ads, while \$22M (25%) was allocated to Paid Search.

Of the competitive set, Casper allocated the greatest amount on TikTok, at \$630K.





On Facebook, Casper budgeted \$21M toward Link Post ads (75%).

<u>RightMetric</u> *1

Facebook 32%

\$44M



Spend: **\$856K** | Imp.: **89M** | CPM: **\$9.6** Click to View



Spend: **\$470** | Imp.: **53M** | CPM: **\$8.9** Click to View

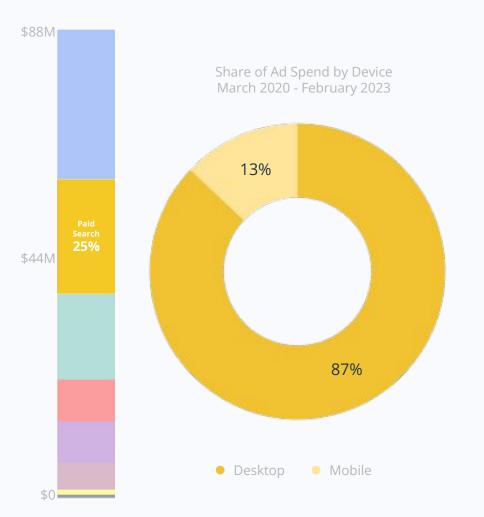
Facebook Tactics



Promoting Financing Options: This ad promotes financing options through Affirm, aiming to address the financial concerns of potential buyers and make the purchase more accessible. The ad emphasizes the monthly installment plan with clear text in the image highlighting the low payment option of "as low as \$61/mo" and a headline of "Easy Monthly Payments" to attract customers.

Latest & Greatest: By using phrases like "Our coolest sheets yet", "Very Cool", and "Not just light sheets", this ad positions the Hyperlite™ Sheets as a superior and innovative product, appealing to customers who are looking for the latest and greatest bedding options.

\$0





Casper budgeted \$19M toward Desktop Paid Search (97%) compared to \$3M on Mobile Paid Search (13%).

<u>*1</u>

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Paid Search **25%**

\$44M

Ad · www.casper.com ▼

Shop Mattress - Sleep Better in a Casper

Our Premium Mattresses Are Designed to Support Your Weight While Contouring to Your Body. Shop The Collection To Find a Mattress That Is Right For You &...

Spend: **\$80K** | Traffic: **12K** | CPC: **\$6.9**

View landing page

Ad · www.casper.com ▼

Casper® Official Site - The Best Bed for Better Sleep

Our Ultra Comfortable Mattresses, Pillows and Sheets Are What You Need to Reset Your Rest. Sleep Now, Pay Over Time With No Money Down & 0% APR Financing On Your...

Spend: **\$50K** | Traffic: **8K**| CPC: **\$6.4**

View landing page

Paid Search Tactics

deals.



trust, and provide access to exclusive

value Proposition: Casper's value proposition of improving sleep quality is emphasized by using the word "Better" in its ad headlines. Consistent messaging reinforces this value proposition and creates a memorable brand message that differentiates Casper from competitors.

Financing Options: Casper promotes its "Pay Over Time With No Money Down & 0% APR Financing" option in its ad description.

\$0

RightMetric *1



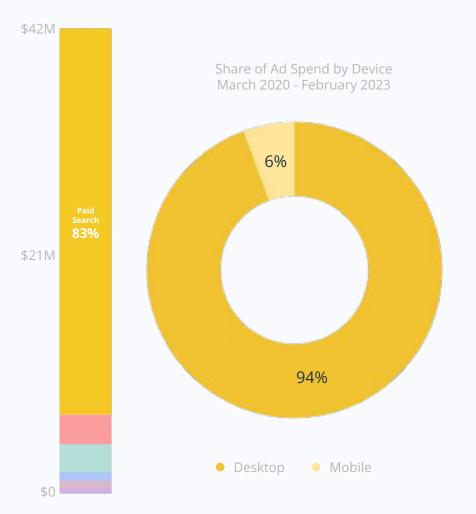
Channel	Budget
Paid Search	\$34M (83%)
YouTube	\$3M (6%)
Display	\$2M (6%)
Facebook	\$828K (2%)
• OTT	\$593K (1%)
Instagram	\$540K (1%)

Saatva invested a total of \$41M in digital advertising.



Saatva directed most of this (83%) towards Paid Search, followed by YouTube (6%).

This heavily concentrated spending on Paid Search indicates that Saatva prioritized this advertising channel over others compared to its competitors.





Saatva's Paid Search budget was primarily focused on Desktop, with 94% of the budget totalling \$32M.

Meanwhile, Mobile ads only accounted for 6% of their Paid Search budget, which amounted to \$2M.

RightMetric *1

Ad · www.saatva.com •

Buy Now, Pay Later - As Low As 0% APR - saatva.com

Buy Now and Pay Later with Affirm. As Low As 0% APR. No Hidden Fees, No Surprises. Hypoallergenic. 800K+ Happy Customers. EPA Antimicrobial Fabric. Lumbar Zone Technology. A+Rating from the BBB. Made in America. Eco-Construction.

Spend: **\$199K** | Traffic: **20K** | CPC: **\$0.1**

View landing page

83%

Ad · www.saatva.com/best/mattresses ▼

Meet Your Mattress Match - Saatva Luxury Mattresses

Handcrafted with Organic Cotton, Our Mattresses are Designed to Suit Every Sleeper. 40,000+ Customer Reviews. A+ Rating from the BBB. 24/7 Concierge Service. 800K+ Happy Customers. Lumbar Zone Technology. EPA Antimicrobial Fabric. Made in America.

Spend: **\$202K** | Traffic: **21K**| CPC: **\$0.1**

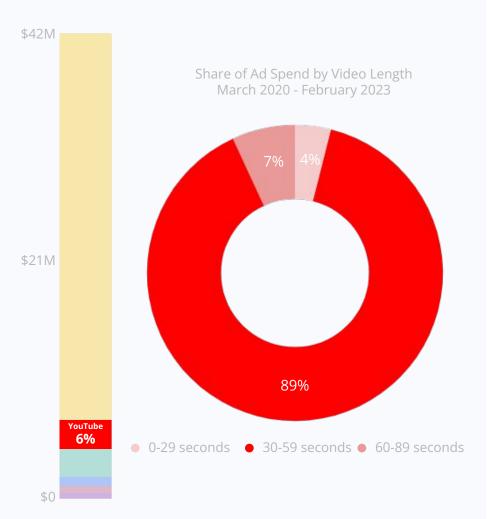
View landing page

Paid Search Tactics



- Leveraging Social Proof: Saatva features the number of happy customers or customer reviews in its ad descriptions, which can be a powerful tool to convince potential customers to try the product. The A+ rating from the BBB also adds credibility to the brand.
- Feature Financing Options: The ad headline, "Buy Now, Pay Later As Low As 0% APR," is crafted to appeal to potential customers who may not have the means to pay upfront. The objective is to showcase the brand's financing options, create a sense of urgency, and motivate customers to purchase.

\$0





Saatva allocated the majority of its YouTube ad spend, around \$2M, on 30-59 seconds long ads, which accounted for 89% of its total YouTube ads.

\$21M



\$0



Spend: **\$1M** | Imp.: **56M** | CPM: **\$18.1** Click to View



Spend: **\$363K** | Imp.: **20M** | CPM: **\$18.1** Click to View

YouTube Tactics



- Battle of The Box Beds: This ad uses a humorous comparison of squishing a sandwich to showcase the difficulty of packing a bed into a box. This strategy creates a lasting impression about box beds and emphasizes Saatva's exceptional quality with the statement, "you can't compress this level of quality into a box."
- Keep it Simple: The two video ads prioritize simplicity and clarity, ensuring that viewers can easily grasp the main message about the <u>comfort</u> and <u>quality</u> of their beds.
- Branding: Saatva's URL and logo are featured in the bottom right corner of both ads, serving as a CTA and boosting brand awareness.

Citations

- **1. Spend is a directional approximation** and does not include retargeting, or behavioural targeting. Spend is in USD.
- **2. Total ad spend includes** Paid Search, Facebook, Display, Instagram, OTT, Snapchat, TikTok, Twitter & YouTube.
- **3. Ad spend was unavailable** from March 2020 to October 2021, and TikTok and Snapchat spend was unavailable from March 2020 to January 2022.

46



Things To Know About Marketing Intelligence Data

Metrics from marketing intelligence tools will never exactly match 'internal' tools

We typically expect metrics from marketing intelligence tools to vary by 5-25% compared to internal measurement tools like Google Analytics, Advertising Accounts, and so on. It all varies from tool to tool because each tool collects data differently. Sometimes metrics match bang on, other times there's a significant spread. The most common reason for variations is how different tools handle bot traffic. For this reason, we don't base our analyses too heavily on *absolute* figures, but rather focus on *relative* figures and trends over time.

Relationships between brands tend to be very reliable

We can see how 'big' or 'small' brands' metrics are in comparison to each other really accurately. For example, that Red Bull's website traffic is 4x higher than Monster Energy. Or that Loblaw's ad spend in Canada is 10x more than Safeway's. We've verified this with multiple past clients whose 'internal' data we had access to. Knowing accurately the relationship between brands is more strategically important than matching exact figures.

Trendlines over time tend to be very reliable

We can see how metrics are changing *over time* quite accurately. For example, that Canadian Tire's web traffic increased by 20% in Q2 and 40% in Q3. We've verified this with multiple past clients whose 'internal' data we had access to. Knowing accurately how things trend over time is more strategically important than matching exact figures.

WHAT brands are doing is the easiest thing to observe

This is the most important point. Once we measure *how much* a brand's metrics are changing over time, we hone in on the biggest shifts and can see *the actions* that brand is taking to move those metrics. We can see the exact ads that brands run on all major platforms, how all their social posts are performing, where their traffic is coming from, what technologies and conversion strategies they're using on their sites, what emails they are sending, to what segment of their list, and how often, etc. This is the best source to identify the causation of changes to the metrics.

Right Metric 2

Data Source Caveat

Estimated Ad Spend

Our research/data tools *cannot* detect ad spend that is based on (a) re-targeting or (b) heavily personalized targeting (ex. Males, 18-24, in Hamilton Ontario, that have interests in Soccer, Xbox, Minecraft, Drake, and Korean Food). They *can* detect ad spend that is cold targeted with relatively broad targeting (ex. Males, 18-24, in Canada, with interests in Soccer and Xbox)

Because of this limitation, "estimated ad spend" is typically lower than true total ad spend for a given brand. That said, we have independently validated that trend lines over time and differences in proportional ad spend while comparing multiple brands is typically very directionally accurate.

For more detail, please see our article <u>Things To Know About Marketing Intelligence Data</u>. If you'd like to dig deeper into our data partners and their methodologies please see <u>RightMetric's Principle Data Partners</u>.

While not perfect, we are confident that our data partners offer the most accurate and holistic data that is currently commercially available. We also believe that making decisions based on a non-perfect view of this data is far better than making decisions without any of this data.

DightMetric 49

Data Sources Used in This Research







Data Collection Methodology Page →

Typically Used to Track / Corroborate:

- **Direct vs. Programmatic Buys**
- **Placements by Channel**
- **Funnel Deconstruction**
- **Estimated Ad Spend**
- **Active Creatives**
- **Landing Pages**
- **Display Ads**
- **Social Ads**
- **Ad Copy**

BY SENSOR TOWER

- **CPM**
- **CTR**

Data Collection Methodology Page →

Typically Used to Track / Corroborate:

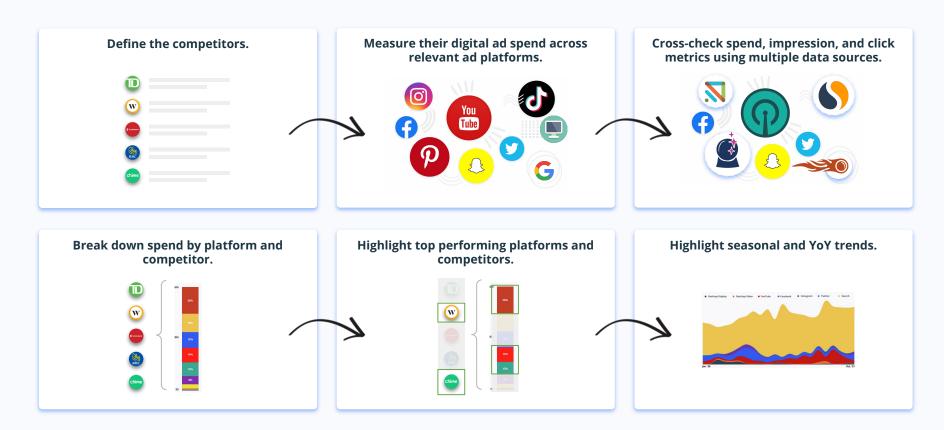
- **Placements by Channel**
- **Funnel Deconstruction**
- **Estimated Ad Spend**
- Search Ad Position
- **Active Creatives**
- Site Traffic
- **App Usage**
- Search Ads
- **Display Ads**
- **Ad Copy**

Data Collection Methodology Page →

Typically Used to Track / Corroborate:

- **Estimated Ad Spend**
- Search Ad Position
- **SERP Rankings**
- **Site Traffic**
- Search Ads
- **Ad Copy**

How the Advertising Channel Scan™ Methodology Works



5





