



FEDERAL TRADE COMMISSION  
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For Release

# FTC Moves to Block Tempur Sealy's Acquisition of Mattress Firm

The Commission votes 5-0 to challenge a vertical deal seeking to combine the world's largest mattress supplier and manufacturer with the largest U.S. mattress retailer

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The Federal Trade Commission voted unanimously to block Tempur Sealy International, Inc.'s (Tempur Sealy) proposed \$4 billion acquisition of Mattress Firm Group Inc. (Mattress Firm).

The Commission [issued an administrative complaint](#) and authorized a lawsuit in federal court to block the acquisition, alleging that Tempur Sealy—the world's largest mattress supplier and manufacturer—will have the ability and incentive to suppress competition and raise prices for mattresses for millions of consumers once it acquires Mattress Firm. The proposed vertical acquisition would merge Tempur Sealy's manufacturing and supply operations with Mattress Firm's vast retail footprint, giving the combined company enormous power at multiple parts of the mattress supply chain.

Multiple deal documents show that Tempur Sealy plans to limit rivals' access to Mattress Firm's nationwide network of stores to harm competition. Competing mattress suppliers—which are predominately American manufacturers employing thousands of workers—are likely to lose access to the single most important retail channel, significantly impairing their ability compete and potentially leading competing suppliers to reduce output, close factories, and lay off workers.

"Through emails, presentations, and other deal documents, Tempur Sealy has made it abundantly

clear that its acquisition of Mattress Firm is intended to kneecap competitors and dominate the market," said Henry Liu, Director of the FTC's Bureau of Competition. "This deal isn't about creating efficiencies; it's about crippling the competition, which would raise prices on an essential good and could lead to layoffs for good paying American manufacturing jobs in nearly a dozen states."

Mattress Firm is the nation's largest mattress retailer and is considered one of the most important retail channels for mattresses given its national footprint, unparalleled consumer insights, and unique ability to turn nascent brands into significant competitors. By acquiring Mattress Firm, Tempur Sealy would wield significant power over its rival mattress suppliers—which include Serta Simmons Bedding and Purple Innovation, Inc.—and could cut or limit their access to Mattress Firm's stores, the FTC alleges in the complaint.

The FTC alleges that the vertical acquisition would harm competition across the premium mattress market—an industry term for a segment made up of products known for superior quality, enhanced features, and reputable brand names. Working class, older adults with limited disposable income make up substantial portion of buyers of premium mattresses. A large percentage of customers who buy Tempur Sealy's premium Tempur-Pedic mattresses rely on financing to afford this infrequent purchase. These mattresses are sold predominantly through brick-and-mortar furniture stores and mattress specialty stores, the largest of which is Mattress Firm.

The acquisition would enable Tempur Sealy's mattress brands—which include Stearns & Foster and Tempur-Pedic—to dominate the market over those of its competitors. By cutting off or degrading rivals' access to Mattress Firm as a retail channel, Tempur Sealy's acquisition could result in higher mattress prices, decreased product quality and choice, or reduced innovation.

Once Tempur Sealy acquires Mattress Firm, the FTC alleges that the combined firm could foreclose its rivals in a multitude of ways. For example, the combined firm could limit present and future rivals' access to Mattress Firm's floor space, award sales associates higher commissions on Tempur Sealy products sold, or otherwise take steps designed to steer customers away from competitors' products and toward Tempur Sealy's mattresses.

In the past, the closure of competing mattress suppliers' factories has benefitted Tempur Sealy, which has further motivated Tempur Sealy to want to see even more competing mattress supplier factories close. Tempur Sealy's acquisition of Mattress Firm could result in even more factory closures, ultimately to Tempur Sealy's benefit, the FTC's complaint states. By significantly impairing rivals [↑](#) y

to compete, the acquisition could force rival suppliers to cease their manufacturing plant operations across the country, spanning Georgia, North Carolina, Ohio, and Wisconsin, to Arizona, Colorado, and Utah, the FTC's complaint alleges.

The Commission vote to issue an administrative complaint and authorize staff to seek a temporary restraining order and seek a preliminary injunction was 5-0. Commissioner [Melissa Holyoak issued a statement](#).

The federal court complaint and request for preliminary relief will be filed in the U.S. District Court for the Southern District of Texas to halt the transaction pending an administrative proceeding.

**NOTE:** The Commission issues an administrative complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The issuance of the administrative complaint marks the beginning of a proceeding in which the allegations will be tried in a formal hearing before an administrative law judge.

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## Contact Information

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### Media Contact

[Victoria Graham](#)

Office of Public Affairs

[415-848-5121](#)

