

**Adapt
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**Case Study:
Ritual Vitamins
"Proof > Popularity"**

**RITUAL
VITAMINS: THE
CHALLENGES OF
TRANSPARENCY**

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RITUAL VITAMINS: THE CHALLENGES OF TRANSPARENCY

The wellness crowd loves the DTC brand, but what counts as openness in advertising supplements is often murky

Categories:

Direct-to-consumer, social media, branded content, digital, out-of-home

Vertical market:

Health and wellness: vitamins and supplements

Agency:

In-house

Initiative:

“Proof > Popularity”

Timing:

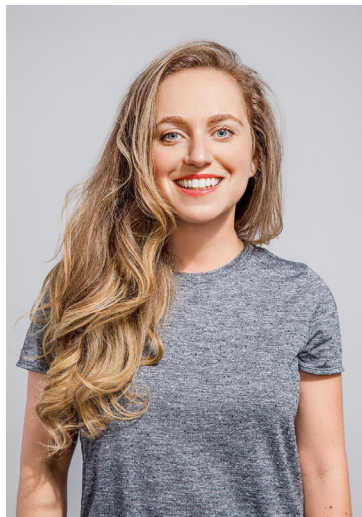
August 2018-present

Building the brand

Although Ritual sounds like it could be the name of a spiritual yoga company devoted to helping you deepen your daily practice, it’s actually a female-focused, direct-to-consumer vitamin brand run on a subscription model whose founder, Katerina Schneider, wants to make taking vitamins a daily habit. Schneider (pictured below), who’s vegan, started the company in 2016 when she was four months pregnant and couldn’t find a vitamin brand that was fully transparent about its ingredient list.

Working as a venture partner at Troy Carter’s angel fund, AF Square, managing a portfolio of more than 70 tech clients, including Spotify, Uber and Dropbox, she saw an opportunity to combine her background with her growing desire to create the “clean” and transparent vitamin she wished to see in the world. She’d seen firsthand how DTC brands were changing the game by eliminating the middleman—and she had a feeling she could do the same with the ever-growing vitamin and supplement industry. (In 2018, revenue from the industry reached nearly \$31 billion in the United States, and it’s expected to increase by an additional \$1 billion by the end of 2019.)

Schneider was not the only one who envisioned disrupting the vitamin industry. Around the time she launched Ritual, other DTC vitamin brands—Care/of, Hum, The Honest Company, Vitafive and Persona Nutrition—were also gaining popularity. Although each had at least one factor to set them apart (Care/of, for example, offers personalized vitamin sets based on a quiz), none of them focused



All images courtesy Ritual unless otherwise noted

primarily on sourcing healthful ingredients and transparency. Schneider and her team made those qualities the core of their business, raising \$5 million in seed funding, \$10.5 million in Series A funding in summer 2017, and then, more recently, \$25 million in Series B funding.

Ritual now sells two vitamins: the Essential for Women, their first product, and the Essential Prenatal, which launched in October 2018. The subscription is a recurring \$30 per month for one bottle of the Essential pills (each bottle contains 60 pills; you're instructed to take two a day), or \$35 per month for a bottle of the Prenatal pills.

"Obviously there are unique advantages to any subscription model, but that's not why we chose to set up our business this way," explains Dan King, Ritual's senior vice president of marketing, who's been with the company since its inception. "The value proposition of our product isn't that you take it once and immediately feel something. It's that you take it for a long period of time, and that habit helps create a better foundation for health."

The value proposition is also that Ritual's vitamins are truly unique. Both lines were developed under the guidance of the company's scientific advisory board, led by Luke Bucci, Ph.D., who had 30 years of experience with nutraceuticals (a term used to describe products that have extra health benefits). For their Essential product, the scientists and the Ritual team conducted extensive research on women who take vitamins, analyzing thousands of studies, and concluded that women weren't getting enough of nine key nutrients (pictured), including magnesium, iron and folate. When they formulated the Prenatal vitamin, they included the 12 nutrients a woman needs both during pregnancy and while trying to get pregnant, with nothing else.

According to Mastaneh Sharafi, Ritual's resident registered dietitian and one of the in-house staff Ph.D.'s, that "nothing else" factor is what sets Ritual apart from other multivitamin companies. "The problem I had with traditional multivitamin companies is that they neglect the importance of food when they are being formulated, but Ritual formulated their vitamin with food in mind," Sharafi explains. In fact, that's why she felt comfortable joining the



Ritual distinguished itself from the competition by stressing the simplicity and the science behind their vitamins.

company in the first place. “I strongly believe that we need to rely on food first and then use supplementation only to fill the gap,” she says. The company also lists the exact ingredients of their vitamins on their website—including the origins of each one—with interviews with the manufacturers.

In addition to perfecting both the formula of the vitamins themselves and the transparency surrounding them, Schneider, a self-described “visually and design-driven person,” wanted to be sure that the vitamins look good, too. “It was important to me that our pills were interesting visually,” she says. “When I think of product development, I think of how design and branding play a huge role, not just the science.” The end result reflected Schneider’s vision: Ritual packaged all the ingredients into one clear capsule filled with yellow liquid and tiny white spheres, symbolizing the company’s transparency. “When I saw a sample from our manufacturer, I was like, ‘Wow, this is beautiful,’” Schneider says. “It captured my attention. If it wasn’t functional, we wouldn’t have used it, but it was. And now I think we’ve made something that was really traditional into something sexy, and that’s exciting.”

The marketing challenge

Most medical experts agree that unless you are prone to nutrient deficiency—think vegans, newborns or women of childbearing age—you don’t need to take a multivitamin. What’s more, vitamins are not regulated by the Food and Drug Administration. This makes marketing a

challenge for any vitamin company, no matter how committed to transparency they are. Although companies may not be able to claim that their products have guaranteed benefits, the unregulated aspect means that they are free to make more ambiguous proclamations, like how they can help lift your spirits or make you feel more balanced—statements Bonnie Patten, executive director of the non-profit organization Truth in Advertising, refers to as “puffery.”

“Puffery is basically permissible lying,” Patten says. “The legal concept is that any reasonable customer would know that what you’re saying can be over-the-top, but it’s still compelling regardless. That’s why marketers use it.”

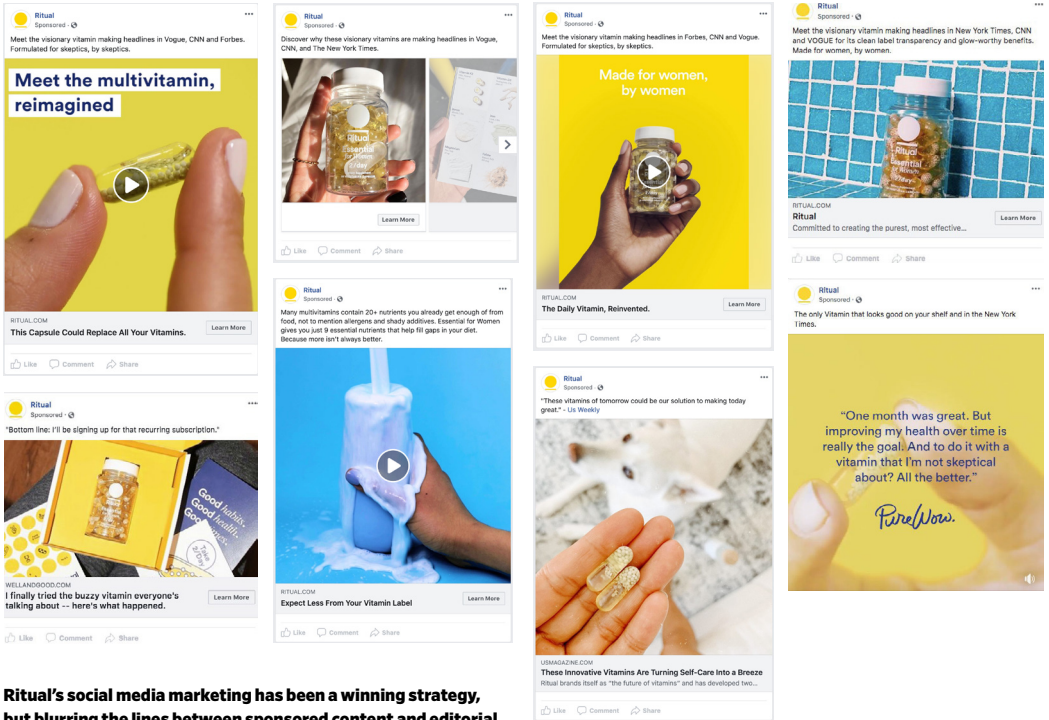
Heading into their launch, Ritual already knew that they would be competing against other vitamin brands using “puffery” to get to the top. They also knew that they’d be trying to make it in an already-crowded and saturated space, i.e., the wellness industry at large. The stakes, in other words, were high, but fortunately, when Ritual first launched, they received lots of initial attention. The New York Times featured the brand in a May 2016 article, “Vitamins Join the ‘Clean Label’ Bandwagon,” detailing Ritual’s commitment to transparency. And, thanks in part to Schneider’s visually driven strategy, they were also a big hit on social media.

The capsules, with their sharp, simple aesthetic, stood out on Instagram from the first post. That’s partly why Ritual decided to focus much of their early marketing on social media,

Ritual’s OOH ads in Venice, California



Ritual Vitamins: The Challenges of Transparency



Ritual’s social media marketing has been a winning strategy, but blurring the lines between sponsored content and editorial endorsement earned the brand a rebuke in the New York Times.

but it was mostly because their customers were already there. “Instagram is where a lot of people spend their time, so it was an obvious decision at first. But on a deeper level, it was also an authentic channel to have a conversation with the people we were trying to reach,” explains King.

Ritual’s goal, at the beginning, was to use their advertising to “start a conversation” with their customers. They did this primarily through targeted social media posts, sponsored social media posts with influencers, and their organic Instagram feed. They also invested in multiple branded content articles with popular wellness websites such as PureWow and Well & Good. And they even brought on a team of highly qualified full-time scientists to answer live questions from customers at all times: a big investment for a startup.

“Ultimately, we just wanted to have a conversation with our customers, and we

knew that social media was the perfect place to do that,” Schneider says. “Our Ph.D. team is literally sitting right next to our customer experience team, and can answer questions thoughtfully and backed by science every single time. We [set our company up this way] because we wanted to show our customers that we cared about them enough to have an in-depth response.”

The campaign

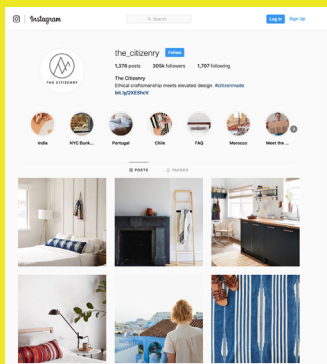
About a year after they launched, Schneider and her team debuted their first official paid marketing campaign, “Proof > Popularity,” which included both online ads and out-of-home ads in Venice, California. The goal of the campaign was to help set the stage for their soon-to-be-launched Prenatal line, explains King. During their research creating the product, the Ritual team had discovered that most women think they need to take a prenatal vitamin only during

3 BRANDS WHOSE INSTAGRAM ACCOUNTS PERFECTLY SELL THEIR LIFESTYLE (NOT JUST THEIR PRODUCTS)

One of Ritual’s core values is that a company’s organic Instagram feed is just as important as any paid social media marketing. If you’re a DTC brand that wants to be successful on Instagram, you shouldn’t just post photos of your product, according to Ritual founder Katerina Schneider. Your photos should represent your brand’s entire ethos and pull people into your brand by creating a story. Here are three other brands whose organic Instagram accounts prove that they get behind that idea, too.

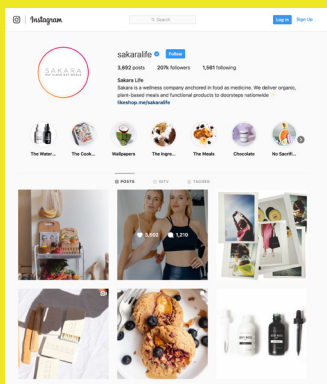
Sakara Life

Of course Sakara Life, a DTC brand that sells healthy, 100 percent plant-based delivery meal kits, has to post photos of healthy food. But you’ll see that they are also selling the idea of how it feels to be one of those wellness types who nourishes their body and mind and probably places crystals on their bedside table. The brand is always quick to post about any notable astrology day (“Tonight’s new moon in Pisces invites us to surrender to the ebb and flow of life”), and they often post beautiful photos of nature, almost apropos of nothing, except to remind us to connect with Mother Earth and all that she offers (including the plant-based food Sakara Life sells).



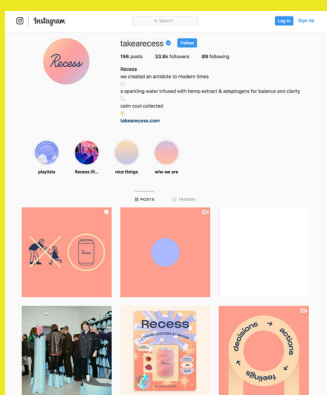
The Citizenry

As a globally inspired home-goods brand whose mission is to help their customers create a “well-traveled home,” it would be very easy for The Citizenry to just post photos of their products. But they hardly do. Instead, they post lots of travel photos, often featuring gorgeous hotels or the bright, eye-catching doors of old buildings on winding cobblestone streets, that inspire wanderlust—and the notion that adding items made around the world to one’s home could be the start of an adventure.



Recess

Recess sells CBD- and adaptogen-infused sparkling water. Their branding, a mix of pastel pinks and purples, stylized clouds and whimsical illustrations such as a Recess can tied to a yellow balloon drifting in the sky, couldn’t be more millennial if it tried. Their posts are sometimes about the water, but most of the time they depict the chill lifestyle that goes along with it. In one post, an illustration of a bright-blue pool floating in a bubble-gum-pink sky, the caption asserts, “Calm leads to creativity, but calm is also something we create.” It’s the kind of post you might be tempted to mock until you realize that it’s actually ... true.



The organic Instagram feeds for The Citizenry, Sakara Life and Recess represent each brand’s ethos.

pregnancy, but women should actually start taking them as they are trying to get pregnant. Because the Prenatal vitamin was so rooted in this research, their marketing strategy de-emphasized touting the new wellness vitamin overtaking social media and stressed the scientific bona fides of the product.

“During our first year, we had been categorized in the ‘what’s trending now’ category, and we really wanted to shift the focus to science [in the lead up to] the launch of our prenatal,” King continues. One of their ads, for example, read, “Not a crystal, mantra or miracle ... just good-looking science.” Another said that they were a brand made “by skeptics and for skeptics.” Adweek’s August 2018 story on the campaign, “How Ritual Is Marketing a Direct-to-Consumer Vitamin Brand in the Age of ‘Pseudoscience,’” like the New York Times piece, emphasized the brand’s commitment to transparency.

But just as the campaign was getting under way, in September 2018, the Times published yet another story on the company, only this time it wasn’t so positive.

The article, titled “Tricky Ads from a Vitamin Company That Talks Up Openness,” highlighted a contradiction in Ritual’s marketing campaign. Despite the brand’s claims of transparency, Times writer Sapna Maheshwari charged that “a closer look at Ritual’s marketing showed that the company has not always helped customers separate facts from spin.” Maheshwari asserted that the company had pulled positive quotes from their branded content articles with companies such as Well & Good and PureWow and used those quotes in their ads. Doing so made it seem as though those endorsements were purely editorial—when, in fact, the brand had paid the outlets to write them.

Another example cited in the article: Ritual’s homepage once featured a quotation, “Multivitamins for people who check the ingredients first,” attributed to the Times itself. But that quote wasn’t actually in the piece; Ritual pulled it from the display copy on the front page of the Business Day section. The Times asked a question that dug into Ritual’s core: How could a company that just launched a new campaign touting their science-backed

transparency be so ... opaque?

And so, after this potentially damaging article was published, Ritual faced a new and more urgent challenge altogether: Would they need to rebuild or regain their customers’ trust moving forward?

Marketing lessons

Fortunately, Schneider says that the article, while discouraging, ultimately didn’t set Ritual back. Nor did it adversely impact their relationship with their investors: They raised that \$25 million in Series B funding after the article was published.

“It actually didn’t affect our business, because the article wasn’t about our product—it was about our marketing strategy, which is one that every e-commerce company is using and is continuing to use,” Schneider says. She’s also quick to point out that, in her mind, the quotes they featured for their ads were pretty mild, at least in comparison with what they could have been, and to what other companies do, as well.

“Our referencing, ‘Look at this buzzy vitamin that everyone is taking’ is a lot different than saying something like, ‘Look at this vitamin that made my hair grow ten inches.’ What we said was pretty generic, something anyone could have said,” she explains.

King also points out that other brands have had similar problems. “I think that the article raised broader questions about how the entire marketing industry is dealing with native advertising, and they happened to spotlight us. Most brands don’t really know where the line is,” he says.

Schneider adds that since most of her team came from other e-commerce businesses, “they didn’t really know that it was a problem.” When the article ran, she says, they didn’t have any guidelines around sharing paid content—so the team pulled from the press in the same way they’d been trained to do at their previous e-commerce jobs.

Not surprisingly, Patten from Truth in Advertising doesn’t buy that group-think rationale. “Are there other supplement companies out there engaged in potentially misleading marketing? The answer is absolutely. Does that make it okay for others to jump onto that side

of the tracks? No,” Patten says. She understands that not all marketers are experts in the laws of marketing, meaning they may inadvertently blur the lines between paid content and editorial, but she says it’s still a “pretty sad statement” that they don’t know the rules.

To ensure this doesn’t happen again, Ritual established more stringent guidelines. “Pulling from the press is usually validation ... but when the article came out, we said, ‘Yeah, she has a good point. We should not do that,’ says Schneider.

The new guidelines included immediately cutting any kind of advertising that didn’t explicitly mention that it was paid content, including the quotation from the New York Times on Ritual’s homepage. “We thought that was such an important statement from them, even though it wasn’t a quote directly from the article. But even so, we got rid of that from our site, too. We definitely cleaned house.... The whole thing was a really important moment for us as a brand to reflect on what we were doing,” Schneider says.

Patten thinks this is a step in the right direction. “My hope is that they now clearly and conspicuously inform their customers [every single time] when they are looking at sponsored content as opposed to an organic statement from the press,” she says.

Perhaps the most teachable moment, though, was to pay attention to brand consistency. What ultimately happened with that New York Times article, Schneider says, is that Maheshwari homed in on the disconnect between Ritual’s legacy ads that touted the brand’s product as the next “buzzy vitamin that everyone you know is taking,” and the science-backed theme of their new campaign to promote their upcoming prenatal vitamin.

“At the time, we were starting to turn over a new leaf and focus more of our advertising on evidence-based science,” Schneider explains. They had been starting to turn off their legacy ads that didn’t focus on that, she continues, and when they saw the piece, they shut everything off right away that didn’t reflect the campaign messaging. “But we still couldn’t do it fast enough. It was self-inflicted,” reflects Schneider. Her takeaway? Make sure you cover all your bases before you launch a

new campaign. “Our biggest learning overall was that, as you’re launching and going into a new campaign, make sure that everything in the past is not out there. It’s hard as a brand to scale when you have ads that are performing well [that you have to get rid of]. But [you have to] when you have this bigger campaign, and you know where the brand is headed.”

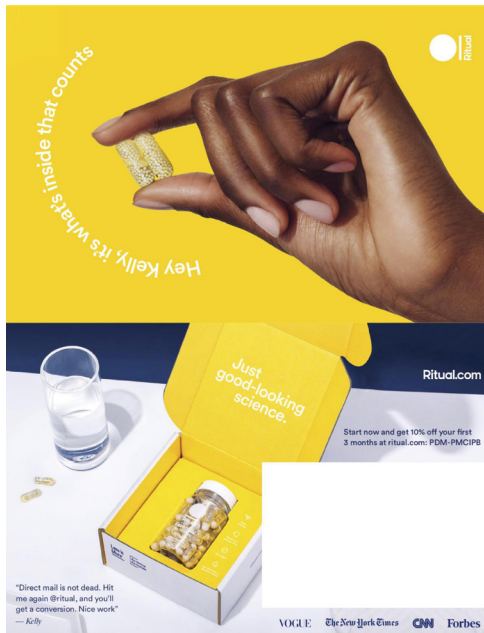
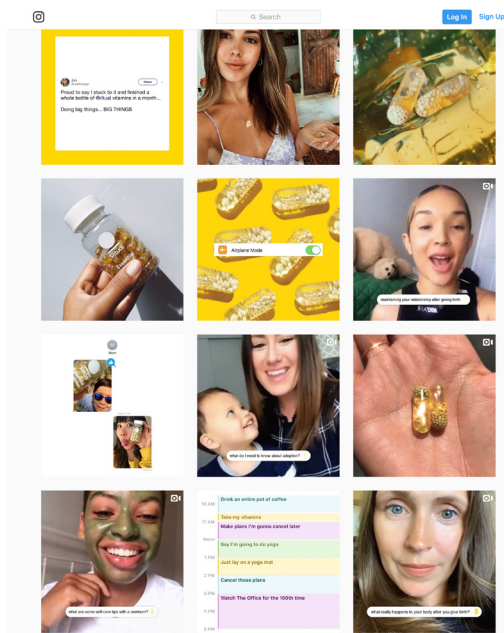
Luckily for Schneider, the brand appears to be headed in the right direction—especially after the success of the “Proof > Popularity” campaign. Rebecca Maas, Ritual’s vice president of communications, says that the campaign helped increase overall brand awareness in Los Angeles as well as traffic to their site during an otherwise traditionally slow month. More significantly, she continues, “it created a strong storyline and runway going into the launch of Essential Prenatal in October 2018, which, at the time, was our most successful month ever for new customers acquired.”

But for Ritual, perhaps the biggest indication that they are on the path to success is that their marketing efforts are helping change the behavior of their customers. For starters, they improved their customer retention rate by 33 percent from the beginning of 2018 to the year end. What’s more, according to regular surveys of Ritual customers, 61 percent reported that they had not taken vitamins consistently before subscribing, 65 percent said that they are more likely to take Ritual every day than other daily supplements, and, finally, 72 percent agreed that Ritual helps them maintain better health habits.

Looking ahead

Although Ritual got its start with an emphasis on social media marketing, Schneider says that in the future, they are going to start leaning into more traditional forms of advertising, such as TV and direct mail, as well as exploring sponsorship opportunities in podcasting (which has proved to be very complementary medium for DTC brands)—not necessarily as a reaction to the New York Times criticism, but more because they are a growing brand and they need to meet people where they are. “People are watching content elsewhere, so we need to grow to get a bigger reach,” says Schneider.

Of course, they’ll always be focused on their



Ritual will continue its organic social media marketing, while it explores traditional ads like direct mail.

organic social media, particularly Instagram, because they're a very visually driven brand, and that's also where their customers are, Schneider continues. "We're a company that's growing very quickly, so the mix of other channels will be constantly changing. It's gotten incredibly competitive on Facebook and Instagram with the emergence of all of these e-commerce brands, so we've diversified our acquisition strategies, and are shifting some of our budget toward more traditional outlets."

Ritual is also trying to work on community building, specifically creating an experiential component by taking their online brand offline. They recently invited 30 of their customers to a company Slack channel, where they will then ask them to visit the office for various trials and tests. They're going to host a focus group for a new product they're launching soon, for example, and Schneider plans on asking the Slack channel members for recommendations for the group. "It allows them to feel like they're part of the company in a meaningful way," she says.

Likewise, Schneider says that they're also working to open a showroom in Los Angeles

soon that will feature programming around women's health. "It's a different way of going deeper that allows us to tell our story." Along those lines, they even asked some influencers to share their real thoughts on being a mom around Mother's Day. (The influencers were not paid, but were offered free product.)

"It hadn't even been a year since we launched our prenatal, but we thought Mother's Day was a great moment to provide great content around what it's like to be a first-time mom, because we know that that's really important for our current and future customers," explains King. "We want to become an authority in prenatal health."

Ritual will continue to do all of their marketing work in-house—the beauty, King says, of working at a small, tightly knit direct-to-consumer brand. "We may get an occasional outsider to bring in some fresh ideas, but 99 percent of our marketing will continue to be done in-house. That's the magic behind a lot of DTC brands: You have all departments at the same table within the company. The feedback loops are shorter, and you can iterate faster. It's a huge advantage."

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