

Ayush Fashion – The Expansion Dilemma

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Abstract. Ayush Fashion Private Limited saw strong growth in sales volumes in its girlswear (age 1-16 years) garment market over the past few years. Under the visionary leadership of its chairperson, Jaya Bakshi, and supporting capable management, led by the managing director Ajay Chopra, Ayush had become a household name in the northern parts of India for producing garments in the premium category.¹ However, in the last three years, a substantial decline in its profits created concern for the management. After a series of deliberations, the board of directors considered three options to contain the decline in profits: (1) expand into the boyswear category for the same age group, (2) expand into the womenswear category for the age group 16-40 years, and (3) no expansion, but focus on cost reduction. The case enables students to appreciate the challenges of line extension, product/market development, and the importance of strategic decision making for mid-sized firms in a situation which requires a rapid course of correction.

Keywords: product development; market development; Ansoff’s matrix; Indian garment industry; strategic marketing.

1. Introduction

The mood in the conference room was subdued. On August 6, 2017, Ajay Chopra, the managing director of the girlswear (1–16 years of age) specialist company, Ayush Fashions Private Limited² (hereafter referred to as Ayush), was briefing members of the board about the decline in the company’s profits over the previous three years and giving suggestions on ways to rectify this. Ajay Chopra said, “With my experience of over 32 years in this industry, I think we should start a

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1. The Indian domestic apparel market is broadly divided by price into super premium, premium, medium, economy, and value segments. (Indian Ready Made Garments Apparel Industry, CARE Sectoral Impact, April 17, 2019).
 2. The name of the company has been changed to maintain confidentiality.

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boyswear line for the same age group (1–16 years) or enter the womenswear market for the age group 16–40.” However, not all board members agreed to a common solution, creating a stalemate.

Chairperson and founder Jaya Bakshi had nurtured the four-member company on her own until it reached a stage at which she felt the need to bring in professional managers to run it, including Ajay Chopra. Indeed, much of the credit for the rapid growth of the company following this transition; the expansion to 500 employees, and for Ayush becoming a household name in many parts of India, was due to Ajay Chopra. Since the early days, customers liked Ayush’s unique designs, which had overtime come to differentiate it from the competitors. However, the last three financial years presented a worrying scenario with fast declining profits. Jaya Bakshi knew that the board was divided on Ajay Chopra’s suggestion regarding the next strategy for Ayush. For example, there was strong opposition from the company’s chief financial officer, Lokesh Thakur, for any kind of expansion strategy. He was in favour of cost management. All in all, the options available to Ayush were to: (1) start a boyswear line for the same age group as the company already served, or (2) start a womenswear line for the age group 16–40, or (3) not make any investment, with a clear focus on cost management. Jaya Bakshi knew there would be challenges in the adoption of any of these strategies, given the diversity of the options as well as the difference in opinion amongst board members. With many international brands entering the girlsweat segment in India, the competition was becoming more intense in Ayush’s core market and something needed to be done, and fast.

2. Ayush: A History

Ayush, a family-owned business based out of Pathankot,³ was the brainchild of Jaya Bakshi, an alumnus of the National Institute of Fashion Technology (NIFT)⁴ in India. She started the company in 1998 in a 300-square-foot room with four tailors. Her ability to come up with exclusive designs brought her loyal clients, and the company started growing rapidly. By 2006, Ayush had moved to a 135,000-square-foot compound which accommodated both the office and the factory. The number of employees also rose to around 120.

On seeing the initial positive response to the company’s products in the local market, Jaya Bakshi knew that Ayush’s unique designs needed to be offered to a wider market, far beyond the province in which Ayush was currently operating. Hence, she decided to expand the firm, incorporate it, and bringing in a team of

3. Pathankot is a city in Punjab, a state in the northern part of India with a population of around 156, 306.

4. Set up in 1986, NIFT is the pioneering institute of fashion education in the country and has been at the vanguard of providing professional human resources to the textile and apparel industry. <https://nift.ac.in/theinstitute>