

# **Aerox: Navigating New Product Development in a Family Business**

**Ankit Sharma, G. K. M. Kothapalli, and Gaurav Raj**

*Chandragupt Institute of Management Patna, Bihar, India*

**Abstract.** This case study examines the strategic decisions faced by Ryan Patel, a recent MBA graduate from London University, who returned to India to manage and expand his family’s tobacco business. Ryan’s goal was to innovate by introducing a new line of flavoured cigarettes designed to appeal to health-conscious consumers through improved filters and exciting new flavours. Despite a strong marketing effort, the product failed to achieve the desired consumer acceptance, pushing the young executive and his business empire into a quandary.

**Keywords:** branding strategy, consumer behavior, tobacco industry, India, flavoured cigarettes.

## **1. Introduction**

In March 2023, Ryan Patel, a recent MBA graduate from London University, returned to India with a vision to revitalise his family’s long-standing tobacco business. The company, with over five decades of history, had established a solid presence in the Indian market through its traditional products. Armed with contemporary business acumen and an innovative mindset, Ryan was determined to introduce a new wave of modernity into the enterprise. His ambition was to diversify the company’s portfolio and cater to a new generation of smokers—those who were increasingly health-conscious and interested in differentiated experiences.

Drawing upon global market trends, Ryan decided to launch a line of flavoured cigarettes that featured enhanced filters, which were designed to reduce the effects of harmful substances. These products were aimed at smokers who sought a unique smoking experience while minimising the perceived health risks. Ryan believed this innovative offering would not only align with evolving consumer preferences but also differentiate the company from competitors in the saturated cigarette market. Confident in the product’s potential, he spearheaded the launch in October 2023 and expected it to revolutionise the family business while capturing a significant market share.

However, by June 2024, it became evident that the new product line was not meeting expectations. Sales reports showed a disappointing performance, with

*This shortened version of the article is for promotional purposes on publicly accessible databases.*

*Readers who wish to obtain the full text version of the article can order it via the url*

<https://www.neilsonjournals.com/JIBE/abstractjibe19aerox.html>

*Any enquiries, please contact the Publishing Editor, Peter Neilson [pneilson@neilsonjournals.com](mailto:pneilson@neilsonjournals.com)*

*© NeilsonJournals Publishing 2024.*

revenue stagnating and market penetration falling short of forecasts. Faced with this unexpected outcome, Ryan convened a meeting with the company's board of directors and sales team to assess the situation. Ryan and his team were confronted with a dilemma as they analysed the factors that contributed to the product's failure and decided whether to revise their approach or discontinue the product altogether. This situation represented a critical juncture in his entrepreneurial journey, where the insights gained from this failure either paved the way for future success or marked the end of his attempts to introduce innovation within the family business.

## **2. About Zenith Tobacco Ltd.**

Founded in 1974, Zenith Tobacco Limited (Zenith) emerged as a prominent player in the Indian tobacco industry, steeped in the values of tradition and family legacy. Established by Ryan Patel's grandfather, the company expanded under the leadership of his father, earning a solid reputation for producing high-quality tobacco products. Zenith successfully navigated industry shifts and regulatory changes, managing to retain its strong market position despite increased competition and evolving consumer preferences. Its survival for five decades was largely attributed to its unwavering commitment to product excellence, deep-rooted connections with distributors, and the ability to adapt within a competitive landscape, without compromising on its core values.

Zenith strategically positioned itself as a key player in the Indian tobacco market by offering a diversified portfolio of products, each designed to meet the distinct needs of different consumer segments. Their premium hand-rolled cigars, crafted from meticulously selected tobacco leaves, catered to discerning smokers who sought a refined and full-bodied smoking experience. The company also produced *bidis*—traditional, affordable hand-rolled cigarettes made from tendu leaves—which appealed strongly to cost-conscious consumers, particularly in rural areas. Recognising the demand for smokeless alternatives, they expanded into the production of snuff (dried tobacco taken nasally) and, later, into snus (which was known as gutkha in India), further broadening their reach in the market. This diverse product portfolio not only helped the company appeal to a wide range of consumers across varying socio-economic backgrounds but also enabled it to withstand market fluctuations and competitive pressures, maintaining its stronghold in the industry for decades. Its most popular cigarette brands included Boulton, Durbin, Haveli, Mistik, and Vyking.

In March 2023, Ryan Patel, a recent MBA graduate from London University, returned to India with a desire to infuse modern strategies into the family's time-honoured business. Equipped with contemporary business insights and a keen understanding of global trends, Ryan sought to innovate within the traditional framework of Zenith. His primary vision was to introduce a new line of flavoured