**Which strategic move could potentially increase AeroCompressor’s market share in Category Widget?**

* Reducing the price of Widget by 20%
* Increasing the inventory to four months’ worth
* **Expanding the strategic account management team**
* Entering into Gadget category

**What competitive advantage does AeroCompressor have in Category Widget?**

* Higher product quality than competitors
* Lower production costs
* **Customised value proposition for pharma**
* Faster delivery times

What is the most significant challenge AeroCompressor faces in Category Gadget?

High dealer commissions

**Many Chinese and Indian vendors**

High cost of goods sold (COGS)

Lack of market presence

**Many Chinese and Indian vendors**

According to the case, the market for Gadgets is "highly competitive" with "many Chinese and Indian vendors offering this product category". This suggests that AeroCompressor faces intense competition in Category Gadget, which could make it difficult for the company to gain traction and differentiate itself.

While high dealer commissions, high COGS, and lack of market presence might also be challenges, they are not necessarily the most significant ones. The case highlights the competitive landscape as a key challenge in this category.

**How could the opportunity to sell both Widget and Gadget through the same dealership network benefit AeroCompressor?**

* It would allow AeroCompressor to charge higher prices
* It would reduce dealer commissions for Gadget
* **It would streamline logistics and reduce costs**
* It would improve customer engagement
* **It would streamline logistics and reduce costs**
* By selling both Widget and Gadget through the same dealership network, AeroCompressor could potentially benefit from economies of scale in its logistics and distribution operations. This could lead to cost savings, which could help improve the company's margins.
* While the other options might be possible benefits, they are not necessarily direct consequences of selling both products through the same dealership network. The case doesn't suggest that AeroCompressor would be able to charge higher prices or reduce dealer commissions for Gadget as a result of this opportunity. Similarly, there is no clear link between this strategy and improved customer engagement.

**What risk does AeroCompressor have of selling both Widget and Gadget through the same dealership network?**

* It would reduce AeroCompressor prices in Gadget
* **It would reduce direct customer engagement for Widget**
* It would increase cost of selling for both products
* It would lead to reduction of manpower

How can AeroCompressor effectively differentiate itself in the highly competitive Gadget market?

* Reduce dealer commissions
* **Introduce additional product features**
* Reduce the price to match competitors
* Increase advertising expenditure

**What is the primary advantage of AeroCompressor setting up its own manufacturing line for Gadget products?**

* Lower production costs
* Increased market share immediately
* **Better quality and product features**
* Lower dealer commissions

**How should Aero Compressor prioritize its strategic initiatives to enhance competitiveness in both Widget and Gadget categories?**

* Focus equally on both product categories
* **Prioritize the expansion of Widget market share**
* Invest heavily in advertising for Gadget
* Reduce costs in both categories

**What is the primary financial risk associated with maintaining a 3-months inventory for Widget units?**

* Increased variable costs
* Higher dealer commissions
* **Working capital costs**
* Reduced sales prices

Which of the following actions could have the biggest impact on Shareholder Returns / ROCE of AeroCompressor (everything else remaining the same)?

* Own manufacturing of Gadget
* Hiring more Strategic Account Managers
* Better Forecasting of Widget Demand
* Reducing Sales Price of Widget