Examiners' Report
Lead Examiner Feedback

June 2024

Pearson BTEC Nationals
In Sport (21405J)
Unit 22: INVESTIGATING BUSINESS IN THE SPORT AND ACTIVE LEISURE INDUSTRY

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Grade Boundaries

What is a grade boundary?
A grade boundary is where we set the level of achievement required to obtain a certain grade for the externally assessed unit. We set grade boundaries for each grade, at Distinction, Merit and Pass.

Setting grade boundaries
When we set grade boundaries, we look at the performance of every learner who took the external assessment. When we can see the full picture of performance, our experts are then able to decide where best to place the grade boundaries – this means that they decide what the lowest possible mark is for a particular grade.

When our experts set the grade boundaries, they make sure that learners receive grades which reflect their ability. Awarding grade boundaries is conducted to ensure learners achieve the grade they deserve to achieve, irrespective of variation in the external assessment.

Variations in external assessments
Each external assessment we set asks different questions and may assess different parts of the unit content outlined in the specification. It would be unfair to learners if we set the same grade boundaries for each assessment, because then it would not take accessibility into account.

Grade boundaries for this, and all other papers, are on the website via this link

Introduction

This was the Eleventh series of the level 3 Nationals specification for UNIT 22: INVESTIGATING BUSINESS IN THE SPORT AND ACTIVE LEISURE INDUSTRY.

There have been ten previous Lead Examiner reports available to centres to support preparation of their learners for successful completion of this assessment. Lead Examiner reports highlight the trends that learners continue to show across the full range of entries and indicate structures to paper marking

The task based external assessment for Unit 22 is a 3-hour paper sitting, split into 4 activities (or questions). These questions, along with the mark scheme have remained consistent throughout the entire series and are available through the Pearson website, along with past papers and Lead examiner reports for preparation and support for future examination papers.

The only element that changes is the company scenario within each assessment for both the main company and the 'rival' company. The format of the paper remains consistent throughout, breaking information down into:

1. Business operations
2. Facilities
3. Products and services
4. Demographics

The release of Part A (2 weeks prior to the examination date) allows research for the paper, where learners are expected to prepare notes that could be used within part B, under exam conditions.
A maximum of 4 pages of A4 notes are allowed to be developed in preparation.

Previous Lead Examiner reports, along with this one, continue to highlight the importance of the research preparation for the paper. It is essential that this preparation is undertaken robustly and that learners are well prepared for the assessment, as the level of research included within the responses limits the score learners can access.

The task-based assessment for June 2024 followed the same format as all previous exam series, the Sample Assessment Material (SAM's) as well as the additional Sample Assessment Material available on the Pearson website

Paper Breakdown:

Activity1 focuses on the review and purpose of the business, its data and suitable research to support the business status. **There is a total of 16 marks for this question.**

Activity 2 requires learners to undertake a business model analysis to clearly highlight the internal and external factors effecting the business in relation to competition. **There is a total of 16 marks for this question.**

Activity 3 requires learners to make recommendations with reference to the development and marketing of the business. **There is a total of 20 marks for this question.**

Activity 4 requires learners to make justifications linked directly to the recommendations and develop links to a wider business context. **There is a total of 12 marks for this question.**

Introduction to the Overall Performance of the Unit

This section should be considered with the live external assessment (June 2024) and corresponding mark scheme (once the paper is published and can be used for supporting future series)

The mark range for this series is in line with all other paper outcomes and therefore remains comparable for accessibility.

Use of supportive levels of research and preparation to support Learner's responses from what was observed within previous papers has been identified within this series. In most cases, learners have incorporated research into their responses, and therefore were able to access the higher-grade boundaries. The lack of research in most cases is the underpinning element to lower final grade outcomes.

As always, it is essential that through Activity 1,2 and 4, research is included to support the response to gain the higher bandings. The research must be

external (as in not the second business within the scenario to meet the higher bandings)

Stronger learners continue to use the well-planned information and research available to them to develop their responses throughout the paper. As with all examinations for this paper, research notes can be produced to support Part B of the examination and are vital to support Learner responses, particularly in activity 1, 2 and 4, as there is credit available for supporting responses with suitable research from the wider business context (external businesses)

Activity 1 tends to use suitable research material to support learners' responses, however the links are somewhat tenuous, and not specific to the impact on the scenario business. It is essential that points being made, that are linked to research to support and linked and not generic.

The lack of research included within activity 2 (analysis of the internal and external factors effecting the business -SWOT/PESTLE limits the grade to a maximum band 1 (4 marks), and this has been seen again in the series, as with all other series, where learners are using PESTLE as the links to external business examples are weak or non-existent. The number of PESTLE responses on this paper decreased from previous ones, with the vast majority of these responses not including any competitor business therefore scoring a maximum of 4 marks.

The following individual activity guidance remains stable through this paper in line with previous series, as in the main, learners are making the same approaches to respond to the activities.

Activity 1 (16 marks)

Activity 1 was one of the lowest performing activities on the paper. Learners have to be able to take information from part B, the unseen element, and ensure that they review the business by showing some understand the purpose of the type of business, being able to interpret data and include suitable research to support these elements.

This is the most difficult of the activities to respond to, and as a result Learner's performance on this question still needs further development and focus. (further on within this document are ways to prepare and support learners to respond to this question).

The paper scenario contains, as always, an abundance of data to be able to analyse and in this paper specifically there was a data set in the form of an 'income and expenditure' table (over 2-year period) to support the data responses of learners, however in the main they tended to repeat, as opposed to analyse in any depth. The use and incorporation of the data analysis to score on this question is not extensive, however incorrect calculations or misconceptions are still being observed by examiners. Higher banding learners for this trait use the data well and make links between the data sets and the impact on the business.

Activity 2 (16 marks)

Activity 2 responses were in line with other papers with the vast majority of learners using the SWOT analysis to highlight the internal and external factors effecting the business.

The lack of research included to support responses is the limiting factor here on this question, as described above, specifically in the PESTLE analysis. Examiners allowed research to be applied anywhere within the response of this activity. The embedding of research to support the responses is being now implemented by learners, and it's clear that learners are starting to support their points of the SWOT with examples from both Pre Run (business 2) and external prepared research. This evidences that the centres are preparing learners more directly to create their A4 notes in relation to the requirements of this activity.

As with all other previous papers, most learners performed very well on the strengths and weaknesses of the business (internal), improved their understanding of opportunities (which links well into activity 3) however it was the threats (external) that was the limiting factor again. In most cases, external threats can be 'pre planned' as they can include the economy, or other businesses with any alternative methods of income generation.

It has been made clear in all Lead Examiner reports that threats must be **EXTERNAL** to the business (out of their control). If the business can control the factor, then it should be placed within the weaknesses section of the response. No credit is given to points made in the threats box that is in the control of the business. Using Pre Run as a threat will allow one external to be credited (quality of response will determine banding here), however using PRE RUN as the only threat can only be counted as **one external threat**, no matter how many points are made

The examples to wider research in general were limited in Learner's responses and there still needs to be clearer links made to the research as opposed to, in some cases, where learners were just 'tagging on' research linked to a point they made, and not really using the research to support the response.

Pre-Run (competitor business) in some cases was the only business used to support responses and this will only allow learners to achieve the lower bandings for this activity (max band 2 for trait 1)

Activity 3 (20 marks)

Activity 3 evidenced a continuous improvement and better Learner responses where there was a clear understanding of what the activity response requires. This question has been clearly articulated in all the previous Lead Examiner reports to emphasise that the ideas for development (recommendations) **do not require any supporting research**, yet have to be clearly developed, with examples of how they would be implemented, to score into the higher bandings. The key here is the development of the recommendation.

This response requires recommendations for the customers, the trends in the industry and meeting the needs of the business. All three elements need to be covered to reach the higher banding. Examiners looked to categories these recommendations into the three headings if the Learner had not specifically sectioned these off within the response. To gain maximum marks on the coverage there must be 7 points made here (2/3 under each heading). Each trait is also graded separately on the quality of its content, linked to the bands available.

Justifications were still being included in this response, and they are not creditworthy for activity 3, they need to be included in activity 4. **Learners will not be credited at all for giving reasons in this response (e.g. to maximise profit, to increase customer numbers etc)**

Learners continued to include the WHY and this activity only requires the HOW. Learners need to see this activity as the '**Planning for Improvement'** element of the paper – meaning that the information they include needs to be tangible and could be implemented without anyone having to ask any further detail on what the recommendation or plan would be – Prepare this

as a 'business plan' making sure that the reader could implement the recommendations without asking any further questions!

Activity 3 (recommendations) is worth 20 marks– this is the element of the paper to really ensure learners understand how to structure and respond.

Activity 4 (12 marks)

Activity 4, the research and preparation undertaken by learners allows them to perform well on this question, as this is all about justifying the recommendation and supporting with relevant research to do this. This question requires learners to very clearly justify the recommendations made and link these to wider research. Specific and sustained research needs to be included in Learner's responses for this activity to access the higher bandings. The level of justification for the recommendations in activity 3 needs consolidating and expanding to score into the higher bandings here.

Individual Questions

The following section considers each activity on the paper, providing examples of Learner responses and information regarding where responses were positive and scored well, and where the areas of focus are with regards preparing for future examinations.

This section should be considered with the live external assessment (June 2024) and corresponding mark scheme (once the paper is published and can be used for supporting future series)

Activity 1. Review of business information.
Review the current business status using the information provided in the set task information about Virtus Fitness
You should consider:

- the purpose
- the data
- your research of the sport and active leisure industry

Reviewing the business

The review should use the information from the current business Virtus Fitness and needs to consider the purpose, the data and supporting research undertaken in Part A, or the use of the second business within the scenario (Pre Run)

As with all the previous papers there were a number of elements that could have been included within the Learner responses here, and all were credit worthy, so long as they were valid. Repetition of the scenario, and taking information directly from it, with no further expansion scored very low on this activity. The key here is to think about the IMPACT on the business, or how what the business does will affect it in the current position or moving forwards.

Learners could have included information regarding any of the potential areas below:

- Business Type (Public Limited Company)
- Business Scope (National/International)
- Business Size (Medium)
- Current Provision (Activities)
- Staffing/roles/responsibilities (FT and PT roles)
- Range of facilities/resources

Whatever information the Learner decides to use from the scenario needs to link to the purpose of the business and to explain what the impact could be on the business.

To focus the response here learners could use the following from the specification to structure their response:

- **Make profit**
- **Survival and Growth**
- **Diversification**
- **Service Provision**
- **Marketing**

- **Customer Service and Satisfaction**

Learners could have included that the business is a Public Limited company, and information about what a public limited company is.
This could have included liability, the pros and cons of a PLC, regarding issues of profit, sickness and cover. Learners could have included information that the business is national, and what its potential USP is to attract its target demographics.

Learners can think about the size of the business, compared to the staffing structure, and link this to income and expenditure to see if its suitable for survival/growth or diversification

The response could have included the scope of the business (National/international), and how this could be a positive or negative impact on the business form a demographic and target audience position for growth and diversification

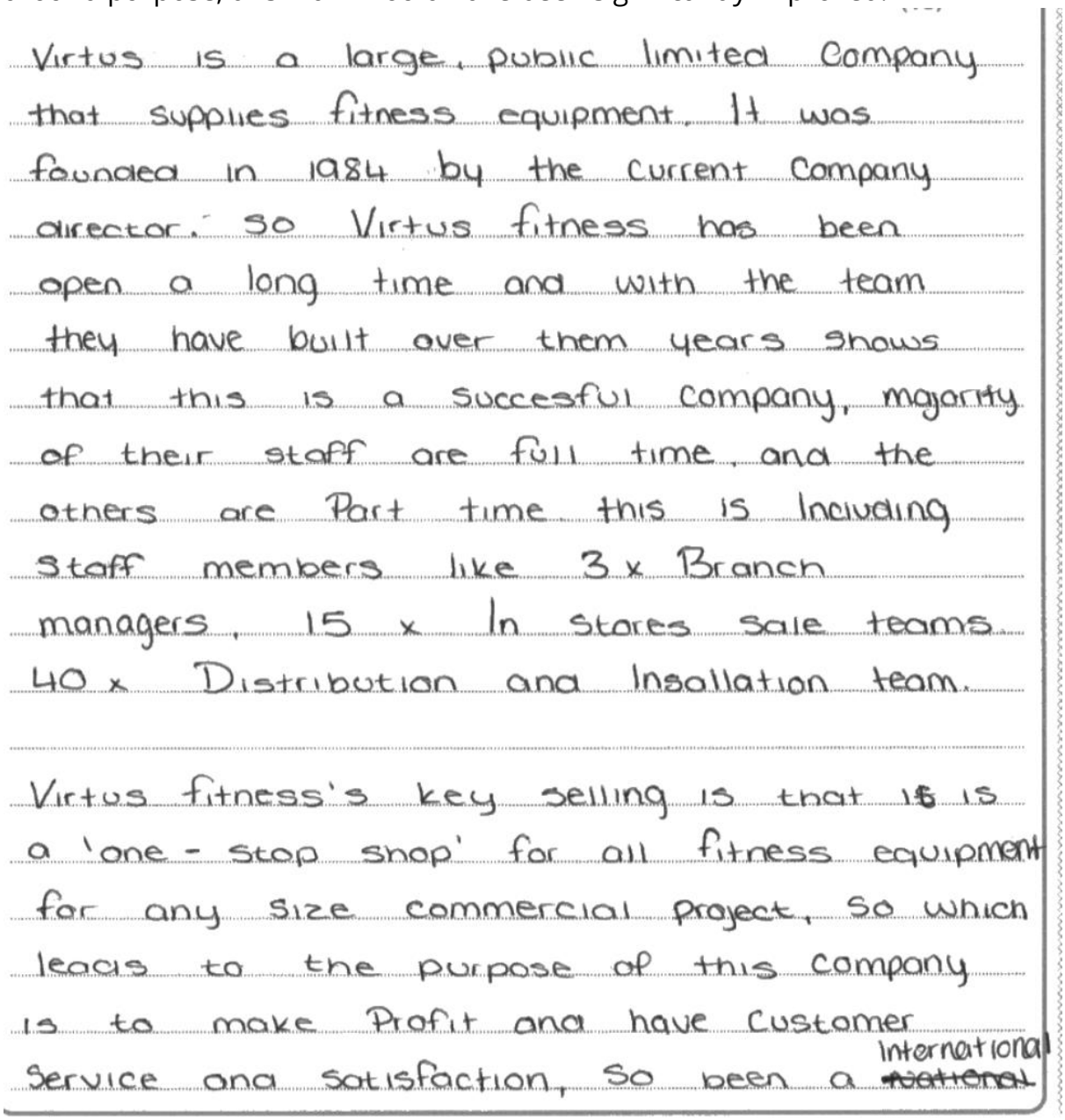
It is important that whatever element the learners focuses on from the scenario that they are linking it back to the purpose of the business. Ultimately all these will then develop profit, which would be the underlying theme for this response for a growing business

Ensuring that examples are incorporated that link to the points being made were important in this activity. The key for the higher banding here is to link similar and different elements of the presented business to other businesses. This can obviously include the second business (Pre Run) however this will not allow higher banded responses. Only external research/business examples can command the higher banding here (band 3 and 4)

Example of Learner responses for Activity 1

This response was awarded 4/16 marks (Band 1)

This response is typical of learners who do not cover all elements of the traits within this activity, and therefore score low. The response coverage around the purpose is good, and at the top of band 2, however due to the complete lack of data or research within the response the outcome is that the response scored within the bottom band. This is a real shame, as with data and research included within this response, to the level included around purpose, this mark would have been significantly improved.



Virtus is a large, public limited Company that supplies fitness equipment. It was founded in 1984 by the current Company director. So Virtus fitness has been open a long time and with the team they have built over them years shows that this is a succesful company, majority of their staff are full time, and the others are Part time this is Incluging staff members like 3 x Branch managers, 15 x In stores sale teams. 40 x Distribution and Insallation team.

Virtus fitness's key selling is that is is a 'one - stop shop' for all fitness equipment for any size commercial project, so which leads to the purpose of this company is to make Profit and have Customer service and satisfaction, so been a International

company that would be their purpose.

Demographics, target groups and current Marketing

Age -

This company mainly target adults rather than children as firstly it is gym equipment provided and Virtus fitness provide to health clubs and corporate gyms, this where you would normally see adults and not children.

Gender -

This is to any gender as anyone can use gym equipment and Virtus provides all different equipment and can sell the customer the equipment for whatever their focus is, for example, strength, yoga and Pilates.

facilities / Products and service available to Market

Virtus fitness has stores in Scotland, England wales where customers can have demonstrations of all equipment.

The company also offers a free annual ~~annual~~ maintenance contract that is a 24/7 call out.

as well as offering a full Installation, that Includes ~~(CAD)~~ CAD (Computer-aided drawing) and 3D modelling to design the space and model how the gym will look for ustilisation. this is a good system for the Company.

Pricing and membership - Income generation

Virtus's Pricing is continually checked against competitor's prices to ensure it is competitive this is about survival for the company and to be able keep up with new bussiness's forming.

you can sign up to the Virtus fitness news letter to gain exclusive welcome discount and access to one-off sales and promotion.

one-year Interest free credit on all purchases over £1000

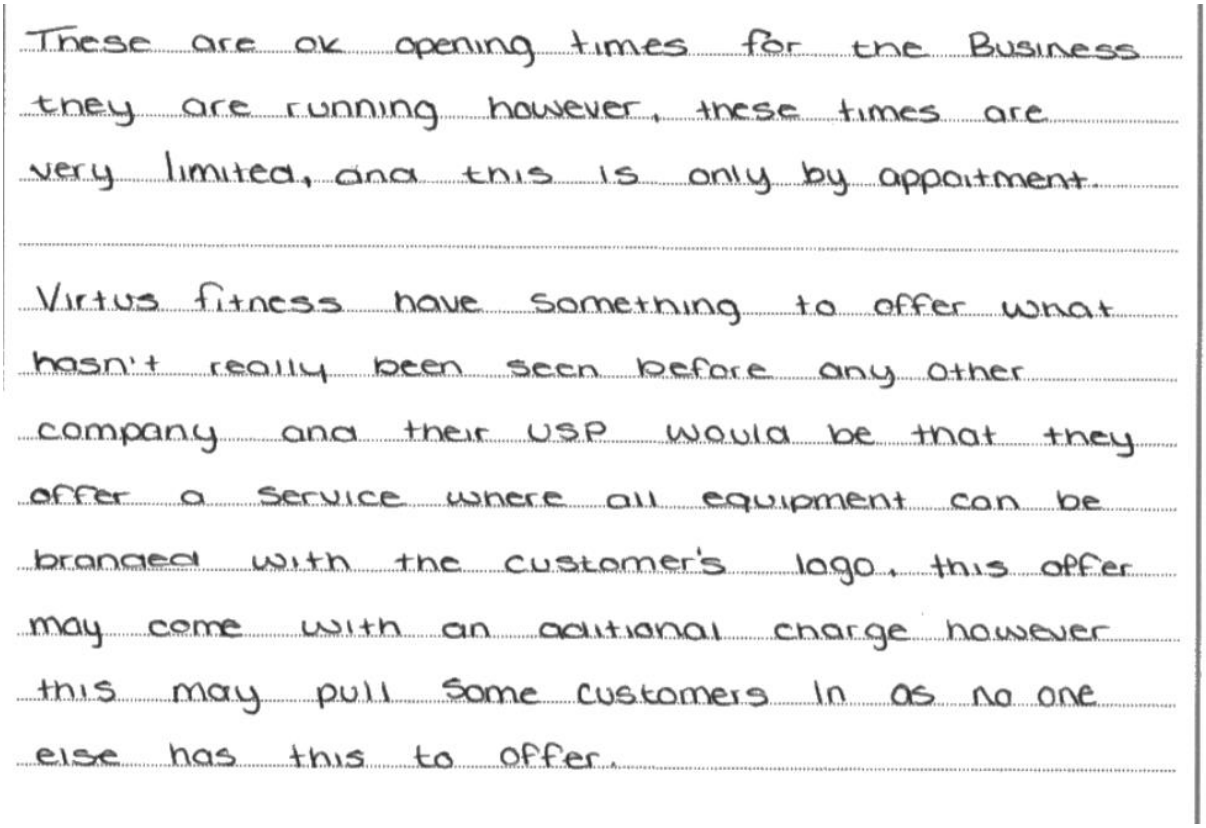
However they do not offer free delivery on any of its Products range.

for opening times Virtus fitness are open

Monday to friday - 9am - 5:30pm

Saturday - 9am - 12pm

Sunday - closed.


These are ok opening times for the Business they are running however, these times are very limited, and this is only by appointment.

Virtus fitness have something to offer what hasn't really been seen before any other company and their USP would be that they offer a service where all equipment can be branded with the customer's logo, this offer may come with an additional charge however this may pull some customers in as no one else has this to offer.

The following response was awarded 13/16 marks (Band 4)

The learner has started to plan a response in the initial part of the response. From this point the response is very well structured, starting with the Limited company information, and the impact that this has potentially on the business, both positive and negative. This theme continues throughout the response moving onto national scope, size of the business, facilities and demographics.
The data within the response is well explained, importantly linking the changes in any data to the scenario, and the interrelationships between data and reasoning. These links are demonstrating that the learner can show links between elements of the business and how they are impacting on others.
Throughout the response evidence from other businesses is used to support the information being discussed. A range of external businesses are used (Fitness superstore, Matrix and UK fitness equipment) allowing access to the higher banding for research support. Research is relevant and complementary to the points being made.

(16)

Ownership = PLC ✓, Scope = National ✓, Size = medium ✓, Facilities = good ✓, financials = loss ✓, demographics = only commercial ✓

Virtus Fitness are a Public Limited Company (a PLC). The positive impact of being a PLC is that it shows the business is trustworthy - attracting customers. The negative impact is that there is a risk of investors being unloyal or taking money from the business. This would effect their purpose of making profit as losing money would result in them keeping less income - and in turn less profit. Fitness Superstore are an LTD. The positive impact of this is that the business has limited liability - so the owner is seperate from the business. The negative impact is that it takes time and money to maintain the standards. This would effect their purpose of making profit as more expenditure equals less profit.

Virtus Fitness have a national scope as they only sell in the UK. The positive impact of this is that the cost

of marketing and promoting is cheaper in a national paper than it would be to promote worldwide. The negative impact is that it limits the customers available to only the UK. Less customers would hinder their purpose of growing as customers bring money, and without money growth isn't possible. Matrix have an international scope. The negative impact is that they have to spend more on promotion but the positive impact is that they have so many more customers to target. This means the expenditure will not matter as much as they are already getting more income, helping them make profit which is their purpose.

Virtus Fitness are a medium business as they have over 50 staff. The positive impact of this is that they are able to open more often as you need staff to ~~make~~ enable a business to run. The negative impact is that they have to spend a lot on wages (£1,100,000). Spending this much will hinder their purpose of making profit as they will be spending a lot in the first place. UK fitness equipment have less than 50 staff so are a small business. The positive impact is that they have to spend less on wages. The negative impact is they will have less money-making opportunities. However, less expenditure will mean they can still make profit even with less

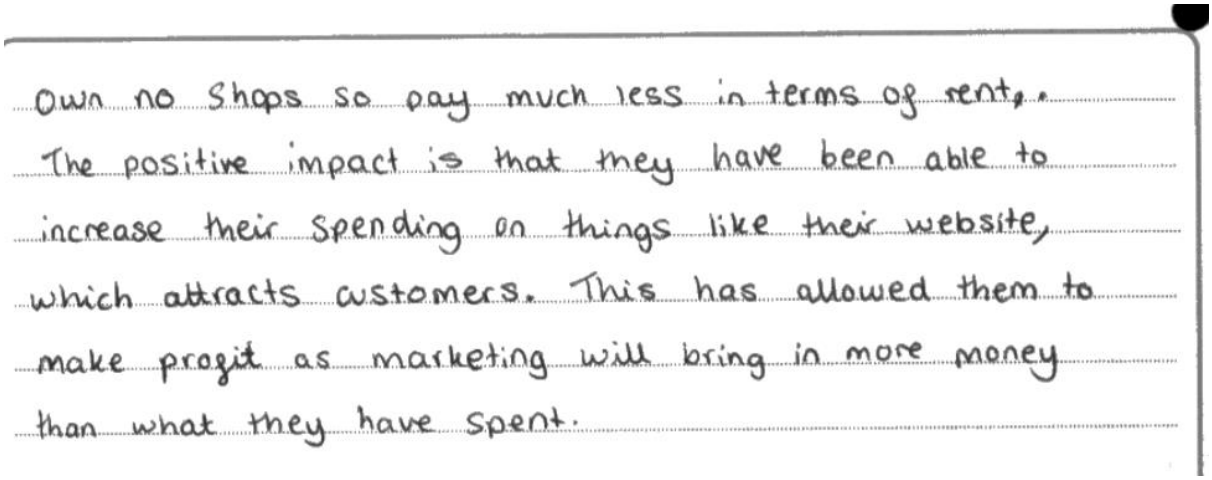
opening times (which is their purpose) as they can keep more of the money they make.

Virtus Fitness have ~~good~~ bad facilities as they only have 3 stores. The positive impact of this is that they have to spend less on maintaining their facilities. The negative impact is that having less stores means less customers will be able to come and try their equipment. Many customers like to try equipment before they buy it, so being able to ~~try to~~ not try it out may mean they don't want to buy it. Customers not buying equipment will hinder their purpose of making profit, as it gives them less income. PreRun have 10 stores nationwide, so better facilities. The negative impact is that they have to spend more on maintaining their facilities. The positive impact is that a larger number of customers will be able to ~~tr~~ view the equipment, enabling PreRun to make more sales. Sales equal income, allowing them to ~~m~~ meet their purpose of making profit.

Virtus Fitness do not have the best demographics. They only sell to commercial places like health clubs and gyms. The positive impact of this is that selling one piece of commercial equipment will give them a lot of

income. The negative impact though is that they are limiting their income as they do not sell to ~~eom~~ the general public (and there are more people than gyms). This would negatively effect their purpose of good customer satisfaction, as the general public would not be able to buy from them. PreRun sell to both commercial and domestic. The positive impact is that they are widening their demographic and targetting as many customers as possible. The negative impact is that they may make more cheaper sales than if they were just selling commercially. However making cheaper sales more often and a few expensive sales will allow PreRun to make a lot of income, more of which can become profit - which is their purpose.

Between 2022 and 2023, Virtus fitness made $6,000 less profit (dropping from $273,000 to $267,000). This is due to increasing their expenditure on equipment purchases, equipment shipping and rent. The positive impact of spending more on equipment is that it shows sales are being made, as they are having to restock more equipment. The negative impact of spending more on rent is that due to it not being a fixed cost, they are spending $373,000 (more than the profit they made). Spending this much on rent has meant they haven't achieved their purpose of making profit. Matrix



Activity 2. Business model analysis

Using the SWOT **or** PESTLE business model, analyse the factors that are currently affecting

For this question the vast majority of the learners opted to use the SWOT analysis which has been successful. Where learners chose to use the PESTLE analysis, there was a clear lack of competitor activity within the response, and therefore they could not move out of Band 1 – The PESTLE analysis therefore, without the correct incorporation of external examples limits the activity outcome to max 4 marks.

Using SWOT, this was a well-developed response overall, however with a few modifications higher bandings could easily have been achieved by a number of learners. Following the guidance in the SMLW (Sample Marked Learner work) and previous Lead Examiner reports and exam papers, most learners set out the SWOT originally in a table form under the 4 headings, then went into further detail to expand this response. This has tended to be the best approach to completing this question successfully, as the plan structures the response and ensures coverage of all elements.

KEY POINT

For traits 2 and 3 (knowledge an application of the business model) Learners are required to make at least 3 points under each correct

heading (SWOT), using external research to support their answer to score in the top band (band 4). There must be a minimum of at least 2 suitable external businesses used in this activity to score into this highest banding.

It is then the quality of the response from limited (band 1) to detailed (band 4) that examiners were looking for.

This question for the SWOT analysis requires learners to clearly place the correct information into the right position within the business model. It's important that learners understand that there are internal and external factors that are affecting the business.

The strengths and weaknesses (internal) were in general well-presented Learner responses. Opportunities and threats (external) are where learners struggled with this response, specifically the threats. Threats need to be external, and must be 'out of the control' of Virtus Fitness

If they are in control, and Virtus Fitness can have direct influence over them, then they are potentially weaknesses or opportunities

Where learners completed this response with just the SWOT analysis list/table without any examples of information regarding the points that they had made, then this response could reach a maximum of 4 Marks (information presented in the table format must be suitable and relevant to be awarded credit) if they had included 3 correct points under each heading.

Therefore, if learners plan the SWOT analysis out, clearly highlighting 3 points under each of the correct heading, without any further detail or research they can score 4 marks on this question.

KEY POINT

The research element of this question is where learners failed to achieve the grade, they were capable, especially if using PESTLE analysis. Considering the mark scheme for this activity, to move into band 2, competitor activity must be used to support the responses being given. No research (the scenario company Pre Run would be credited here) limits learners to the bottom band, so whatever the quality of their response, no research limits the marks available.

It is important to note, that the research (competitor) could link to any point made throughout the response, under any of the headings, as long as it is relevant. The most obvious areas here to link to is external (opportunity and threat), however included anywhere it would be credited.

Overview of most popular responses for the SWOT analysis (taken from a range of learner responses

INTERNAL	
Strength	**Weaknesses**
• Wide range of social media • Flexibility in staff PT roles • Working from home options for staff (attractive) • Website extensive • One stop shop for commercial businesses • Very well established • Growth in financial income and profit • Stores in Scotland, England and Wales • Customer demonstrations • 3 distribution warehouses • Wide range of leading brands • Competitive pricing	• Don't sell to the general public. • 3 distribution warehouse (expensive) 320,000 • No free delivery on product sales • Only five main focuses (limited) • Maintenance contracts not increasing income. • Profit margin decreased over the 2-year period. • Limited store opening times. • Free annual maintenance (no control over cost) • Only visit stores with an appointment • Large market team (23) - Cost
EXTERNAL	
Opportunities	**Threats (out of the control of VIRTUS FITNESS)**
• Open to general public • Open sales to hotels, schools, colleges, universities, leisure centers • Widen range on offer. • Reduce outgoings – distribution centers. • Head office could be at the store/distribution center. • Purchas instead of leasing • Evening opening opportunities • Sales teams go to customer, as opposed to customer to store. • Wider marketing opportunities (other platforms outside social media and website) • Free delivery on orders over XXX • Money back guarantees (customer	• Pre Run (IF THEY ONLY PreRun as a threat no matter how many points, only class it as ONE THREAT • Other business (with examples) • Limited number of commercial gyms • Rental increases • Quality of equipment means less replacement and therefore turnover.

satisfaction)	

KEY POINT 2

If Pre Run (the second business) or an external competitor is used under the threats box it is only counted by examiners as one threat (i.e. Pre Run is the threat), no matter how many points are made. For example, if in the threats the following were included (from example above):

- Pre Run/External Competitor– better pricing.
- Pre Run/External Competitor – better range of product.
- Pre Run/External Competitor - better distribution demographic.

This would only be credited as ONE threat (for top band there needs to be 3 in the threats section that are relevant)

Examples of a Learner responses for Activity 2

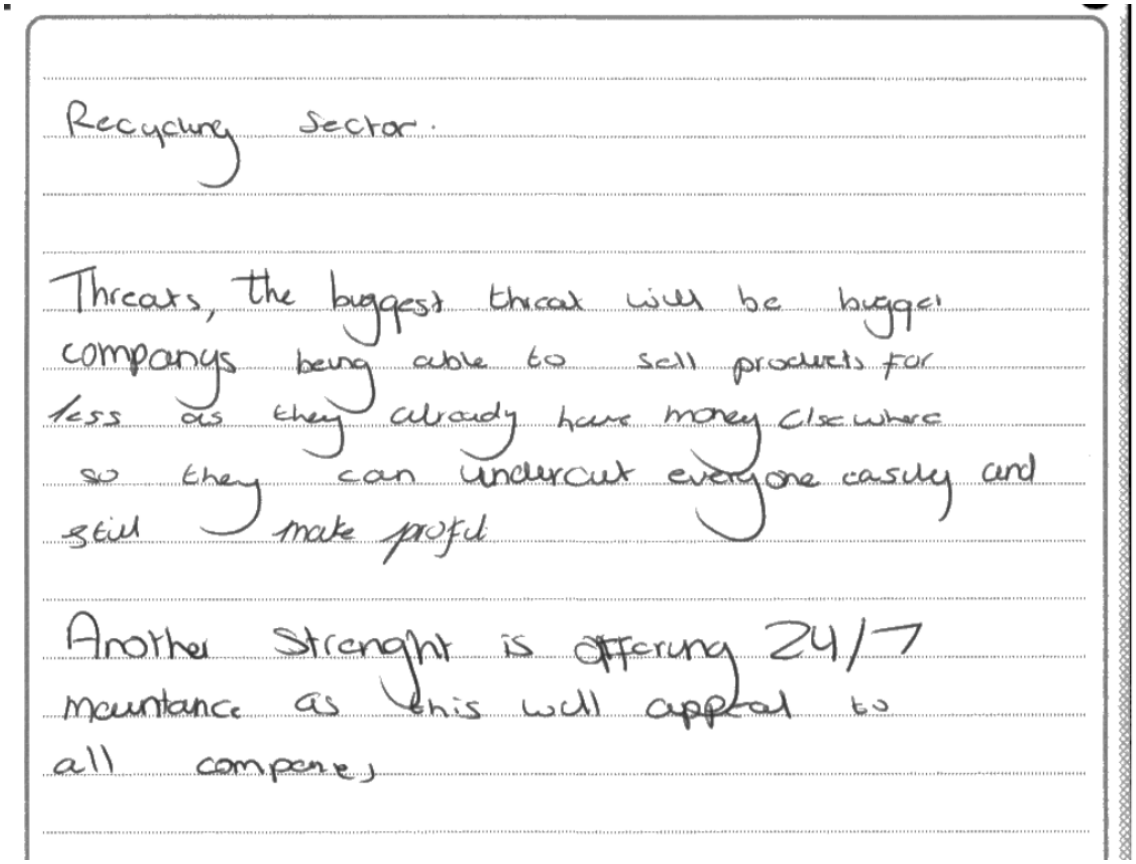
This response was awarded 5/16 marks (Band 2)

This response is a typical example of learners for this activity. The strengths section is the strongest, with 3 responses in band 2, however weakness, opportunities and threats coverage is limited, and although the responses are in band 2, they are weak. The key limiting factor for this response however is the complete lack of research to support, therefore the analysis is limited. Overall, therefore the response scores in the lower band 2. Using pre run alone to support any element of the response would have allowed the mark to improve. Responses here move into band 2 as they have some element of additional information above the basic identification of the SWOT and show some level of impact on the business. Supporting this with examples from external sources would significantly impact the responses overall outcome.

Virtus fitness has many strenghts; they offer a large variety of products at reasonable prices for their consumer which will not only attract new customers but also ensure existing customers remain loyal to the brand. they also have a great marketing team which will drive sales and once a product has been purchased that is a 24/7 repair service available meaning a machine could last you forever if constantly maintained properly.

One major weakness is not selling to the general public as this could make up a large proportion of sales because since Covid 19 and lockdowns Home gyms have blown up as a trend.

an opportunity would be selling to general public in order to increase sales. another opportunity would be selling used equipment to bring into the



Recycling Sector.

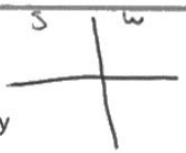
Threats, the biggest threat will be bigger companys being able to sell products for less as they already have money elsewhere so they can undercut everyone easily and still make profit

Another Strenght is offering 24/7 mountance as this will appeal to all compenys

The following response was awarded 13/16 marks (Band 4)

This is a top band answer. The response is very well structured and covers the whole SWOT in full. There are 3 clear and well-developed responses under each heading of the SWOT, with detailed analysis and clear links to external research. The impact on the business is clear within each response. The responses not only identify suitable elements under each heading of the SWOT directly relatable to the scenario, but the demonstrate the impact that this element would have on the business, both positive and negative as appropriate. The third weakness, and third threat are where the response shows a weaker overall answer, and therefore does not score full marks.

Activity 2. Business model analysis



Using the PESTLE **or** SWOT business model, analyse the factors that are currently affecting Virtus Fitness.

(16)

Strengths

Virtus fitness are very well established which shows the business itself and the customers that it's successful. It has a high level of stability and reliability which makes it easier to obtain financing. This will attract investors and provide trust within the customers. One of my researched businesses, Mirafit, they were established in 2014 which is 10 years. Compared to Virtus fitness which is been established for 40 years, mirafit have a less developed platform and customers may find it harder to trust so would use virtus fitness.

Another strength is that they use all social media platforms. This enhances brand awareness since social media is trending more than it ever has before. Its a great way to reach customers which have never heard of the business before to catch their attention. This increases their sales so leads to profit and growth of the business. Techno gym which I reasearched only use instagram and twitter which limits their brand recognision and decreases the amount of potential customers.

Another strength is that they price match their competitors. This is very clever as it means their prices wont be too high causing customers to go somewhere cheaper and they won't be too low to miss out on potential money. This also motivates the business to stay one step ahead of the competitors to make sure customers choose them over competitors. Fitness superstore also do this to keep the competative levels high.

Weaknesses

VF have a small demographic by only selling to commerical health clubs and gyms. By doing this they are cutting off a vast amount of people who want equiptment for home gyms or hotels. This limits their income and caues them to not grow as much as the business Prerun. Pre run offer their Services to hotels, Sports Clubs, local authorities, leisure centres corporate gym and heath clubs and also to the general public. This reaches a much larger audience and enhances they reputations as they offer to a large market. VF will struggle to compete with businesses which offer a large service.

Another weakness is that they ~~don't have a obvious unique Selling point to attract more customers. By have a specific USP~~ have a small scope. The only ship around the UK which limits the customers across the rest of the word from buying from their business. ~~Technogm~~ Fitness superstore ships abroad which helps to widen their potential sales and improve their profit over years. If VF do this they may not see any losses in

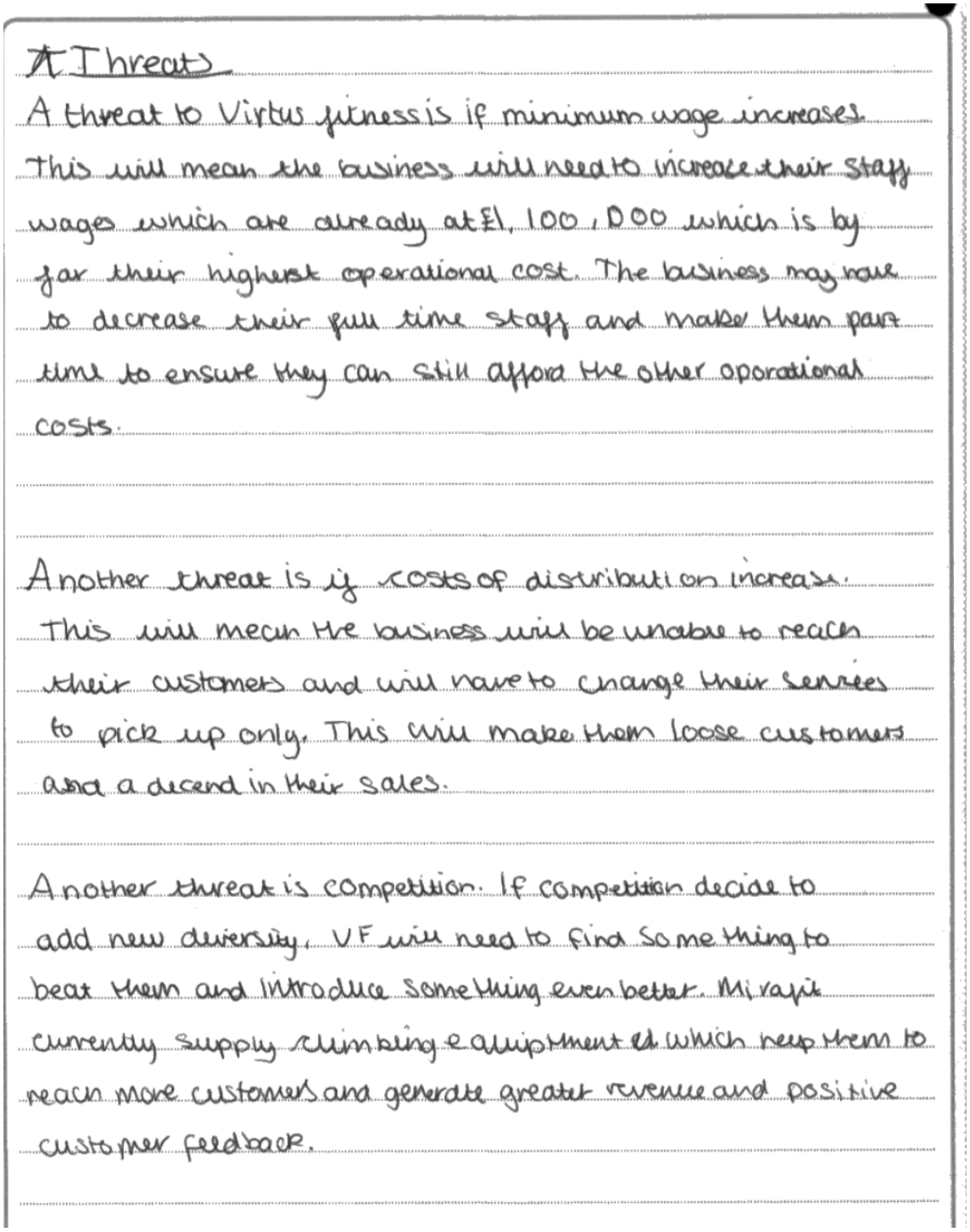
their profit like they are currently seeing.

Opportunities

Virtus fitness could create an app rather than just having a website. This will improve ther brand image and enhance sales as its much more efficent and convinient for customers. It also will mean it gets reviews on the app store which will ~~p~~ mean customers will knows its a good business. Techo gym do this and they have a 4.0 rating on the app store so customers know its deant. This will give VF and idea of their number of customers they have.

Another opportuniey is they could involve celebritiys in they business to ~~create~~ provide extra promoting and advertising. ~~VF~~ Customers will be influenced by the celebrity endorsments and ~~b~~ buy the products leading to an increase in sales. Mirafit do this as they have harry aikines - aryeetey olympic sprinter which promotes their business on his own social media leading to more income for mirafit.

Another opportunity is to open more stores. Virtus fitness could open stores so that they have one in each UK country. This means ~~the~~ it can widen the demographic and ~~pe~~ create customer satisfaction as they wont have to travel as far to see the stores. Fitness superstore have 11 sites which increases income.



Threats

A threat to Virtus fitness is if minimum wage increases. This will mean the business will need to increase their staff wages which are already at £1,100,000 which is by far their highest operational cost. The business may have to decrease their full time staff and make them part time to ensure they can still afford the other oporational costs.

Another threat is if costs of distribution increase. This will mean the business will be unable to reach their customers and will have to change their services to pick up only. This will make them loose customers and a decend in their sales.

Another threat is competition. If competition decide to add new diversity, VF will need to find something to beat them and introduce something even better. Mirafit currently supply climbing equipment ed which help them to reach more customers and generate greater revenue and positive customer feedback.

Activity 3. Recommendation

Recommend how Virtus Fitness can develop and market itself.

You should consider:

- customer groups
- trends in the industry

- the needs of the business.

This question requires no external research to be included and holds the largest amount of credit on the paper, a total of 20 Marks.

Learners need to make recommendations that will allow Virtus Fitness to develop and market itself moving forwards. Learner responses were taken at face value here and there was no set responses for examiners to use to award credit. If recommendations were suitable, and they could positively impact the business then they were available to be credited.

KEY to this question: HOW (not WHY)

The vast majority of learners who scored well on this activity focused very much on the HOW. The best way to think about supporting leaners to complete this question is to make them think, the following: 'If someone was to come and pick up the recommendations, they were suggesting that they would have enough detail to implement them, without asking the Learner any more questions'

The deeper the level of detail the recommendation goes into, the higher the grade boundary.

NO REASONS and NO RESEARCH – HOW ONLY

The response to the activity however does need some structure. Learners must cover
recommendations under the required traits: **customers, trends and business.** This is where there was some confusion over which heading they fall under; however, examiners were trained to support when marking, and if headings were incorrect, they credit was still given under the right heading so learners should look to structure this answer using the three headings

- CUSTOMER
- TRENDS
- BUSINESS

Learners were structuring this question well and clearly articulating the HOW in the main– this is the biggest mark available on the paper so getting

this question right is essential- this series did see a full mark response submitted, which is highlighted below

Learners need to ensure that they cover all the three elements of this activity to score into the higher bandings

To reach band 4 there must be a spread of recommendations from each trait (customers, trends and business) -3 in each were required – some could be small, and others larger, but the coverage must be in place. Looking at the banding for this activity it is clear that the response needs to be detailed, and more importantly comprehensive to reach the higher banding. By setting the response out into the individual traits then learners can be sure that they are more likely to be comprehensive in all areas.

Example of structuring the response

Recommendation 1:

- Develop online videos and support packages for customers who cannot visit sites.
- Videos have full demonstration of all models.
- All videos are about lifespan and duration of equipment, care and maintenance.
- Videos to include incentives for specific bulk buying.
- Videos linked to current customer testimonials.
- Virtual CAD demonstrations of previous clients

Recommendations could have included information below (not exhaustive).

Trait 2: CUSTOMERS

- **Customer service** (e.g. website)
- **Special offers** (e.g. promotions, customer loyalty schemes/different membership types)
- **Communicating with customers** – (e.g. taking on feedback to improve customer service)
- **Developing activities offered to certain groups** (e.g. specific packages for age groups and exercise outcomes
- **Develop other options for customers** (e.g. subscription for maintenance enhanced packages)
- **Opening times –** amend to support customer engagement.
- **New Product range** (with examples)

Trait 3: TRENDS

- **New 'on trend' offers** (e.g. tailored packages)
- **Advertisement and Marketing** (social media outlets – twitter/instagram/LinkedIn) – for the right target audience
- **Develop a USP** (e.g. something that other business don't currently offer that's attractive to participants - (focus the USP)
- **Changes in participation** (e.g. how VIRTUS FITNESS could improve for specific groups – sports clubs etc.
- **Increased mass participation events** (14-day guarantees /trial periods etc.)

- **Trait 4: BUSINESS**
- Sustainable - reduce costs/alternative ways to deliver outcomes with reduced cost.
- Staffing–CPD for the teams/increased remit specific individuals through upskilling – e.g. Sales
- Increase the number of people being targeted (wider audience and market)

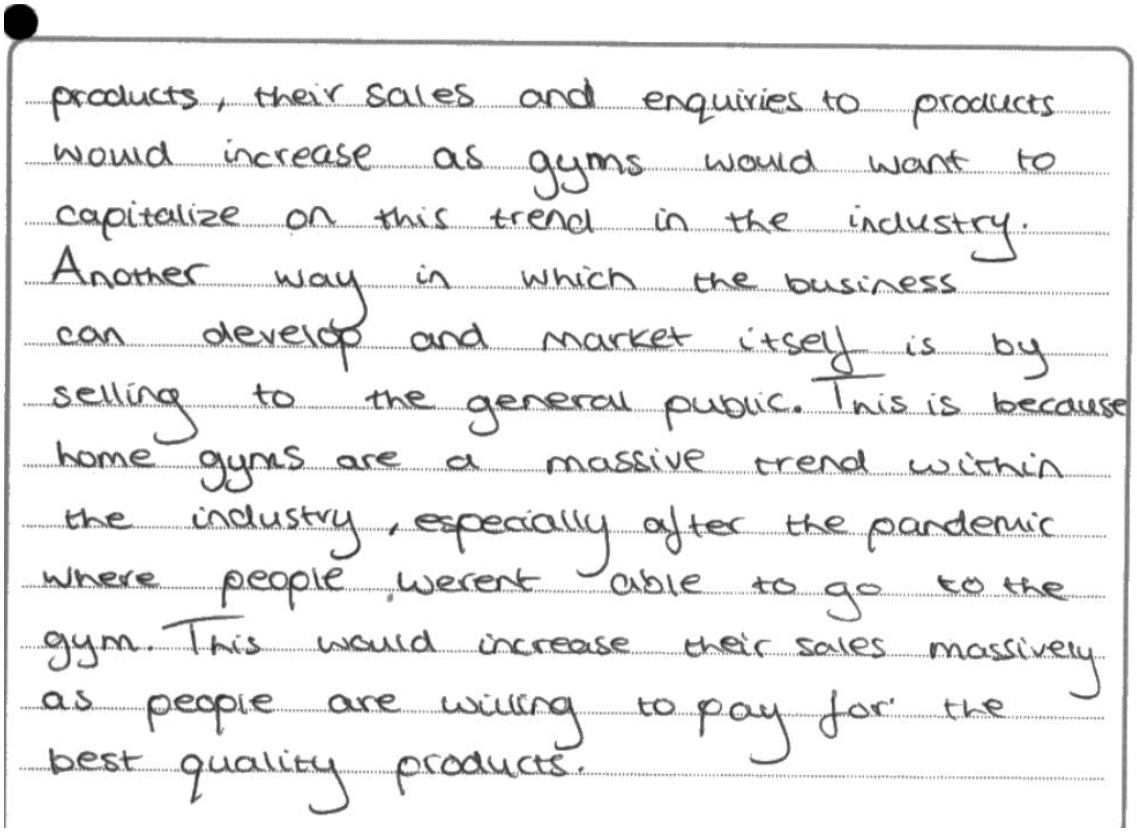
KEY POINT

Recommendations should be clear and be suitable for the business to achieve however this section is for **recommendations only**, **not for justifications** as to why the recommendation would be suitable. **Justifications here will not be credited**, this information needs to be placed in activity 4, with a clear link to the justification made in Activity 3.

This response was awarded 5/20 marks (Band 1)

The learner only covers 4 points and of these the quality of the response is mainly limited. The main reason is that the learner moves quickly from the recommendation point into a justification of the point, as opposed to the detail of the recommendation. As highlighted, this is the recommendation response, not the justification, therefore any justification is not creditworthy. For example, the only creditworthy elements of the first points are to market with a USP. The rest of the response is the justification, not the how!

One way in which Virtus Fitness can develop and market itself is with a USP. If they develop a clearer USP they will attract alot more customers as they would be offering something that other companies dont and this would make them stand out to these commercial health clubs and corporate gyms. Another way in which Virtus Fitness can develop and market itself is with special offers and loyalty schemes. This would interest there new and returning customers as they would offer their products cheaper with special offers. Customers would buy more off them if they provided a loyalty scheme with a reward after so many purchases. Another way in which the business can develop and market itself is supplements. Supplements is a growing trend within the sports and fitness industry as they can boost your performance and help you to achieve your goals alot quicker. If Virtus introduced supplements as one of their


products, their sales and enquiries to products would increase as gyms would want to capitalize on this trend in the industry. Another way in which the business can develop and market itself is by selling to the general public. This is because home gyms are a massive trend within the industry, especially after the pandemic where people weren't able to go to the gym. This would increase their sales massively as people are willing to pay for the best quality products.

The following response was awarded 20/20 marks (Band 4)- TOP MARKS!

This is an outstanding response. It is the top graded response for this question. The structure of the response falls inline directly with the requirements of the activity. Recommendations are very well scaffolded, structured, and allow the reader to easily understand exactly the stages of the recommendation and how it would be implemented. It covers all traits (customer, trends and business) and includes some creative suggestions to support the business development. It is fundamentally based within the 'HOW' and not the 'WHY' and gives a level of detail that would allow clear implementation of the recommendation.

(20)

Customers: Trends: Business:

① Free delivery ④ Celebrity endorsement ⑦ Sell domestic

② Opening times ⑤ Sell refurbished ⑧ Sell internationally

③ Money back guarantee ⑥ Sell clothing ⑨ Business links

Customers:

① Virtus Fitness need to ~~offer~~ free delivery on orders over ~~$50~~ $60. They need to add this option to their website, on both the front page and the payment screen. It should be put on their newsletters too. A social media post should be uploaded on all social media platforms after 6pm, telling customers the minimum price for free delivery. Another post should be uploaded with a deal for 5% off for the first 20 people to utilise the free delivery. Posters should be put up in each shop with the price for the free delivery.

② Virtus Fitness need to increase their opening times. They first need to advertise for more staff via their website, a newspaper advert and on social media. Candidates should be interviewed then hired. All the stores should open Monday - Saturday from 9am - 8pm, then 9am - 4.30pm on a Sunday. The new opening times should be put on the website

and on all social media sites between 6 and 10pm (peak times).

③ Virtus Fitness need to offer a money back guarantee. If a customer is not happy with the product within 14 days they can return the product for a full refund, or if they find a cheaper alternative within 14 days they will be refunded 110% of the difference. This information should be printed on posters around their facilities and should be put on their website on both the front screen and the payment screen. A post should be uploaded onto Facebook, X and Instagram between 6 and 10pm with the same information.

Trends:

④ Virtus Fitness need celebrity endorsement. Firstly they should contact famous celebrities to see if they would be interested in collaborating. They should be sportspeople, of both male and female. An example would be Eddie Hall or someone like Lean Williamson. If they agree, a deal should be agreed such as a 5% cut of all profits plus an additional 5% per video they ~~create~~ post. They should be recorded using the equipment and videos should be uploaded monthly to both the celebrity and the businesses social media. A photo and a short description should be added to the website. Photos of them using the equipment should be put around the shops and a first post should be uploaded to Instagram, Facebook, X and Tik Tok

between 6 and 10pm revealing the celebrity.

⑤ Virtus Fitness should sell regurbished or used equipment. They should contact local gyms to see if they have any old equipment they no longer want. Virtus Fitness should upload photos of it to their website along with the prices of them originally compared to now with a 50% discount. The gym should recieve 5% of the ~~pr~~ money made from the sales. The used equipment should be uploaded on social media via photos at the peak times of 6-10pm, along with the reduced price. All the used equipment should be put on show in the shop windows.

⑥ Virtus Fitness should sell gym clothing. They should contact a reasonably priced supplier and buy clothing with ~~a~~ their logo on. It should be purchased in a variety of sizes and colours. The clothing should be put on display in store but should also be uploaded online with prices ($10 jumper, $8 jogging bottoms, $5 t-shirt, $5 shorts, $3 socks). A social media post should be uploaded between 6 and 10pm, with photos of staff modelling the ~~equipm~~ clothes. Photos of the clothes should also be added to the newsletter.

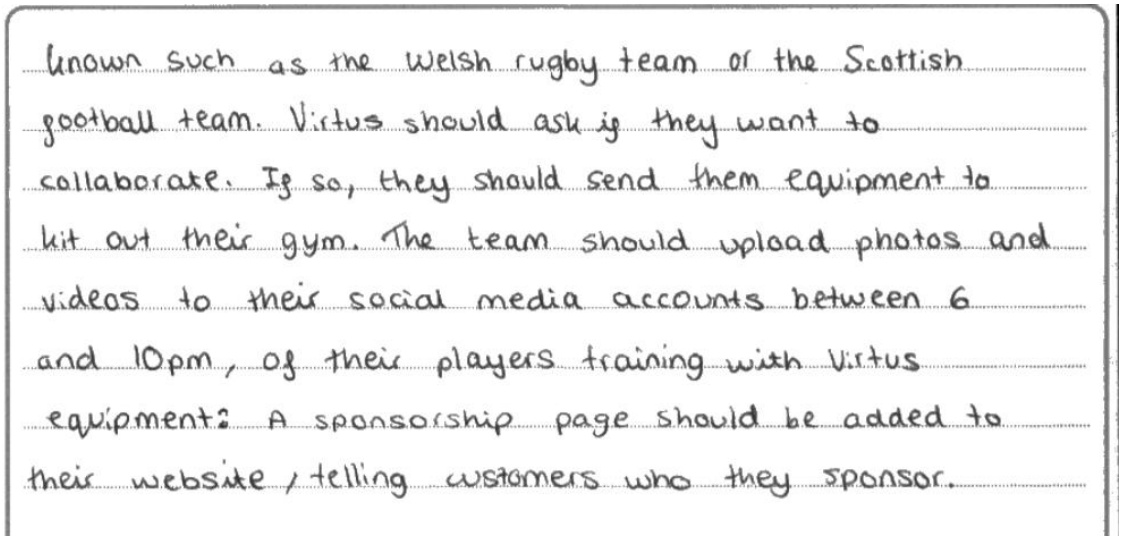
Business:

⑦ Virtus Fitness need to sell equipment domestically. Firstly

they should look for cheap equipment to be shipped to their warehouses. Once purchased, they should upload photos to ~~social media~~ their website of the treadmills, dumbells, bikes etc. These should be price matched to local suppliers. A photo should be uploaded to social media between 6 and 10pm with all the equipment and prices. A seperate post should be added, offering the first 10 customers who buy ~~a~~ domestic equipment 20% off their next purchase.

(8) If Virtus Fitness need to sell their equipment internationally. They need to find suitable warehouses across the world, and put an offer on the most suitable ones. These should be kitted out ready to recieve equipment shipped from the Uk. They need to advertise for and hire more delivery drivers globally. The website should be updated to tell customers they can buy equipment anywhere in the world. A social media post should be uploaded on facebook, Instagram and x between 6 and 10pm saying the same thing. An additional £10 delivery charge should be added to international orders, and they should be delivered within 2-4 weeks after purchasing.

(9) Virtus Fitness need to create business links. Firstly they should contact sport ~~busin~~ teams near them, ideally well


known such as the Welsh rugby team or the Scottish football team. Virtus should ask if they want to collaborate. If so, they should send them equipment to kit out their gym. The team should upload photos and videos to their social media accounts between 6 and 10pm, of their players training with Virtus equipment. A sponsorship page should be added to their website, telling customers who they sponsor.

Activity 4. Justification
Justify your recommendations for Virtus Fitness in relation to:

- 'Pre Run' and other physiotherapy businesses.
- The wider business context in the sport and active leisure industry.

This activity heavily focuses on the **WHY,** linked to the recommendations made in Activity 3. Justifications need to be made that support the recommendations regarding how they will improve the business moving forwards. The more detailed the justification here, the higher the banding for trait 1 (see mark scheme below)

This question is marked in isolation to Activity 3 by examiners, however it does link. To ensure that it is clear what recommendation is being justified here learners are recommended to include this information into the response

For example:

Recommendation: To Increase the demographic to include other target audiences (with examples)

Then make the clear justification as to why this was recommended in activity 3, with reference to external businesses/research

As with previous series the key to moving through the bands for trait 2 for this question links to research to support the justification. This is all about the preparation that takes place through part A of this examination process.

Bringing together ideas and recommendations, providing evidence and giving a strong argument for why they should be implemented will move learners into the higher bandings.

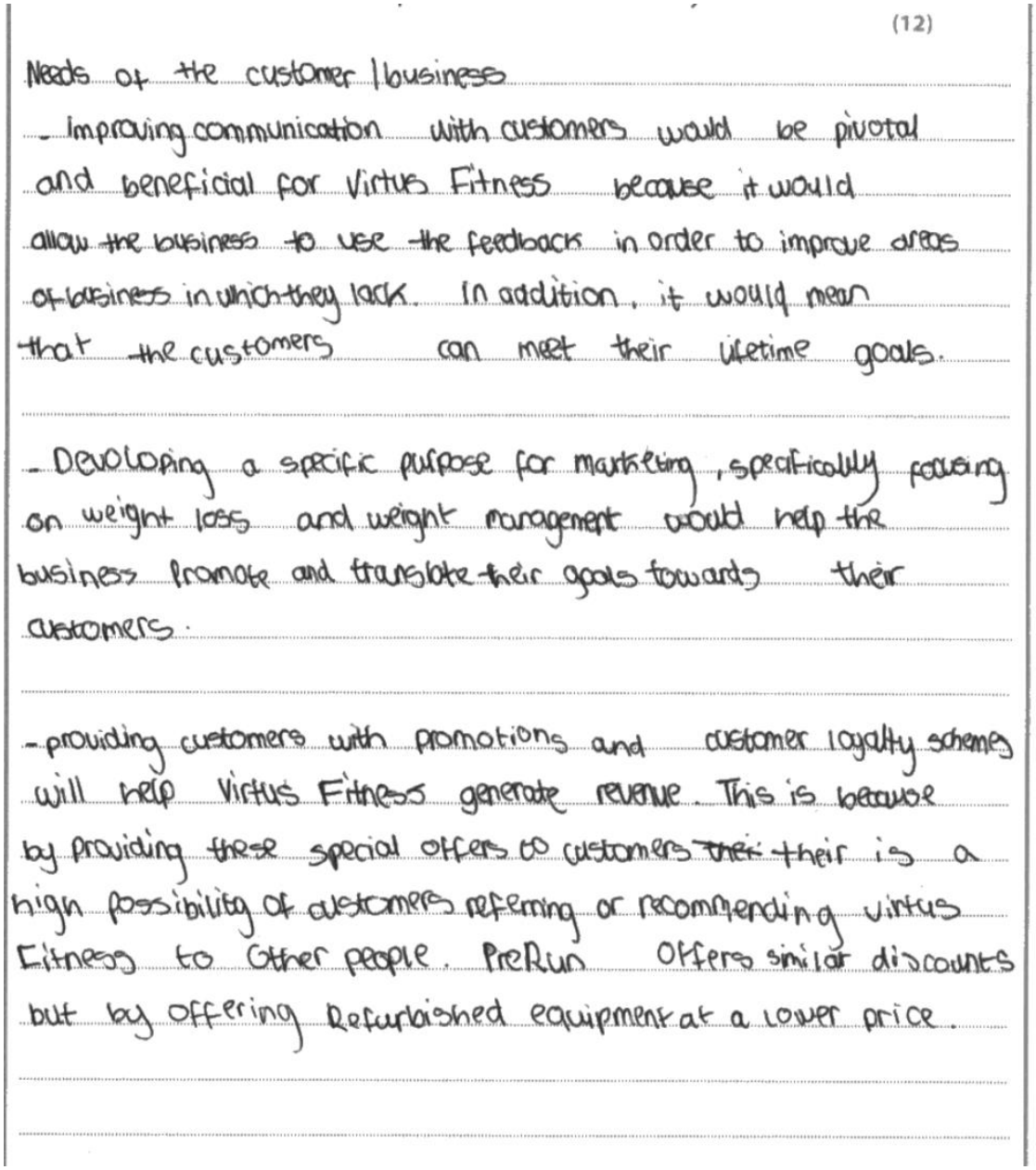
With regards structuring this response, learners could use the following techniques

1. **What recommendation is the justification linked to (e.g. opening the demographic up)**
2. **Trait 1: Give the reasons why this will improve the business (credible ones)**
3. **Trait 2: Link this to some research from Part A (wider business context), or scenario business (Pre-Run – band 2 max for trait 2) to support the point made.**

Example of Learner responses for Activity 4

This response was awarded 3/12 marks (Band 1)

This response falls within the lowest banding. The response coverage is limited, and only references and links to Pre-Run from the wider business context. There are no links to external research to support the response and give it credibility



(12)

Needs of the customer / business

- Improving communication with customers would be pivotal and beneficial for Virtus Fitness because it would allow the business to use the feedback in order to improve areas of business in which they lack. In addition, it would mean that the customers can meet their lifetime goals.

- Developing a specific purpose for marketing, specifically focusing on weight loss and weight management would help the business promote and translate their goals towards their customers.

- providing customers with promotions and customer loyalty schemes will help Virtus Fitness generate revenue. This is because by providing these special offers to customers ~~their~~ their is a high possibility of customers referring or recommending virtus Fitness to other people. PreRun offers similar discounts but by offering Refurbished equipment at a lower price.

The following response was awarded 7/12 marks (Band 3)

This response is well structured and has clear links to the wider business context. The justifications are sound, however the sustained links to the research are the limiting factor within this response. There are too many justifications that are not supported by external research and therefore do not score within the top banding.

Activity 4. Justification

Justify your recommendations for Virtus Fitness in relation to:

- PreRun and other fitness equipment suppliers
- the wider business context in the sport and active leisure industry.

(12)

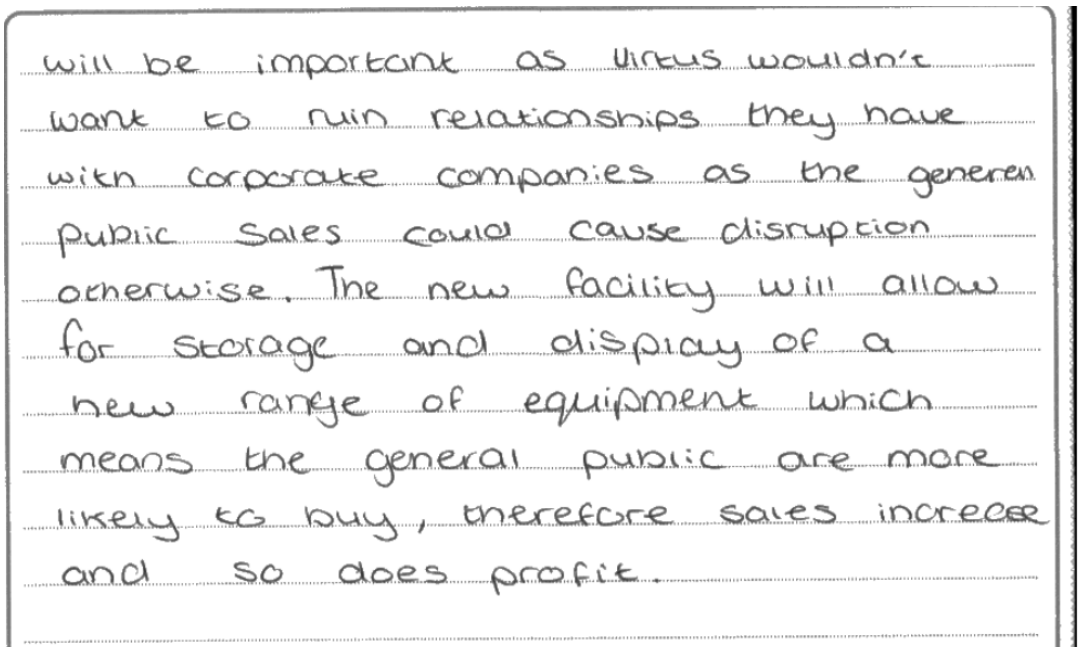
Creating a domestic range/section is a beneficial recommendation because it will increase Virtus's customer base by appealing to the general public. This will boost the business' sales to help increase their profits as well as make fitness equipment accessible for everyone. Other businesses such as Fitness Superstore, are following demands in the market and have adapted to make at-home workouts accessible to anyone at an afford-able price, by advertising their installation package on social media. Providing the opportunity for customers to feedback is another important recommendation to consider as it enables customers to get what they want from the business. The higher customer satisfaction, the more sales the business will make therefore, more profit can be achieved.

Following the trends in the market (at-home workouts and outdoor activities) will be beneficial for the business because "56.1% of respondants surveyed by GoodFirms reported that they workout at home" and "Fitness equipment sales grew by 170% during the pandemic" as stated by researchandmarkets.com which shows the demand for this equipment and if Virtus was to supply it, their sales would dramatically increase, strengthening their brand image and reputation.

Rehabilitation equipment is another good recommendation because it can be introduced to large corporate gym companies who are invalved with health professionals (physiotherapists, sports massage therapist etc.) and create fill a gap in the market by making it accessible at good value for money.

Advertising the business through social media is a great way for Virtus to connect with an audience. There is a lack of engaging, easy to follow demonstration videos online and these could be produced by the business as a way to engage with the customer base. This source of

advertisement is also cost free so the business will be saving more money.
If the platform is successful, it can also be a way of generating a source of income to increase profits for the business.
Telephone contact is another useful recommendation as it connects the customer with the business. Online chats can sometimes be a bit difficult when relaying informations, complaints or queries so telephones may be more useful as regular customers can 'speeddial' their nearest store a get a quicker response.
Hiring more employees will enable longer opening hours and possibly be open on a Sunday. PreRun is a business which is open everyday which therefore, makes it more accessible to its demographic and this allows them to make more sales and gain a competetive advantage.
Another recommendation was introducing ~~Another~~ new facilities to cater for the opening ~~of~~ up to the general public. keeping public and corporate separate


will be important as Virtus wouldn't want to ruin relationships they have with corporate companies as the generen public sales could cause disruption otherwise. The new facility will allow for storage and display of a new range of equipment which means the general public are more likely to buy, therefore sales increase and so does profit.

Summary

Please make sure that all centres read the Administrative Support Guide document for BTEC National in Sport that can be found on the Pearson Website

Centres need to print off a Learner Record Sheet for each learner taking the task-based assessment and these should be submitted with their learner booklet.

The activities and mark scheme never change with this unit examination
(hence why the Lead Examiner reports have the same content and information due to the paper structure, mark scheme and activities remain constant –All that changes is the scenario/businesses)

There have been Sample Assessment Material provided, along with Lead Examiners reports, and previous exam papers, to support the preparation and development of research for this unit examination.

KEY POINTS for Preparation for future examinations:

1. Undertake the research element of PART A. Ensure learners have the 3 businesses researched and their key points for success/how they run

2. Have well developed A4 notes (individually prepared) to support the completion of the exam.
3. Read the scenario carefully, highlighting key points that could be used for activity 1 and 2.

Activity 1: structure the response linking to the specification. Get learners to look for information linked to **making profit, Survival and Growth, Diversification, Service Provision, Marketing, Customer Service and Satisfaction.** Ensure that research from Part A is used to support this response. Ensure that the information is analysed, and not just regurgitated. Use the data, make calculations and interpret it.

Activity 2: plan out the response initially (SWOT). Ensure full coverage of each element. Make sure that threats are external and 'out of control of the businesses. **Include research to support points made throughout.**

Activity 3: HOW not WHY. Be able to pick up recommendations and implement them without any questions asked. Must cover all elements (business/customer/tends – 3 of each for top banding)

Activity 4: WHY – give suitable reasons why the recommendations would work, and support this with information from the second business, **and external research.**

Ensure that the research completed in Part A is focused on the activities in the assessment. The activities will never change. They will be in the same order, just linked to a different scenario and business in Part B. The mark scheme will also never change. It will contain the same traits and bandings. Tutors need to make themselves fully aware of the requirements of this task-based assessment, by using this report, the SAMs and Additional SAM's.

Good luck

Lead Examiner







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