Pearson BTEC Level 3 Nationals Extended Diploma

June 2024

Paper reference **21405J**

Sport

UNIT 22: Investigating Business in Sport and the Active Leisure Industry

Part A

You do not need any other materials.

Instructions

- Your Unit 22 assessment task contains two parts.
- **Part A** is specific to each series and this material must only be issued to learners who have been entered to undertake the task in the relevant series.
- We suggest that you spend no more than six hours independently conducting your research and making notes.
- You can take a maximum of four A4 sides of your research notes into the supervised assessment session (**Part B**).
- In **Part B**, you will be issued with supplementary stimulus information building on the case study information in **Part A**.
- In **Part B**, you will have three hours under supervised conditions specified by Pearson to respond to the task.
- Do not return research notes or **Part A** to Pearson.
- **Part B** should be kept securely until the start of the three-hour supervised assessment period.

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Instructions to Teachers/Tutors

This paper must be read in conjunction with the unit information in the specification and the BTEC Nationals *Instructions for Conducting External Assessments (ICEA)* document. See the Pearson website for details.

Learners have six hours from the release date and before the supervised assessment (**Part B**) to carry out research.

Learners will be expected to conduct research over a maximum of six hours. Up to four sides of A4 notes (minimum font size 11) can be taken into the supervised assessment (**Part B**).

Teachers/tutors cannot give any support to learners during the production of the notes and the work must be completed independently by the learner.

Part B is taken under supervision in a single session of three hours on the timetabled date.

Learner notes related to **Part A** must be checked to ensure length and contents comply with the requirements.

Learner notes will be retained securely by the centre after **Part B** has been undertaken and may be requested by Pearson if there is suspected malpractice.

Guidance for Learners

Read **Part A** information carefully as this contains the information you will need to prepare for **Part B**.

You will need to carry out your own research.

You will then be given **Part B** to complete under supervised conditions.

You must work independently and must not share your work with other learners.

Your teacher/tutor cannot give you feedback during the completion of **Part A** or **Part B**.

Part A Instructions

You have to prepare notes in response to the information provided in the case study in **Part A**.

The notes can be handwritten or typed and they must contain bullet points and not extended answers. Other content is not permitted.

Part A Case Study

In preparation for **Part B** you will research **three** different fitness equipment suppliers.

Your research should include:

- business operations
- facilities
- products and services
- demographics.

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number

Learner Registration Number

Pearson BTEC Level 3 Nationals Extended Diploma

Friday 17 May 2024

Morning (Time: 3 hours)

Paper reference **21405J**

Sport

UNIT 22: Investigating Business in Sport and the Active Leisure Industry

Part B

You must have:
Your research notes from **Part A** (maximum four A4 sides)
A calculator

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of the page with your name, centre number and learner registration number.
- Answer **all** activities.
- Answer the activities in the spaces provided
  – *there may be more space than you need.*
- Do not return research notes or **Part A** to Pearson.

Information

- The total mark for this paper is 64.
- The marks for **each** activity are shown in brackets
  – *use this as a guide as to how much time to spend on each activity.*
- A calculator may be used.

Advice

- Read each activity carefully before you start to answer it.
- Try to answer every activity.
- Check your answers if you have time at the end.

Turn over ▶

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Important Information

Refer to your research notes from **Part A** to complete **Part B**. You cannot access the internet or any other resources during the supervised assessment period.

You must plan your time and work independently throughout the three-hour supervised assessment period.

You will complete **Part B** under supervision and your work will be kept securely during any breaks taken.

You must not share your work with other learners.

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Part A Case Study

In preparation for **Part B** you will research **three** different fitness equipment suppliers.

Your research should include:

- business operations
- facilities
- products and services
- demographics.

Part B Set Task Information

Virtus Fitness

Virtus Fitness trades as a public limited company (plc) that supplies fitness equipment. It was founded in 1984 by the current company director and it provides leading brands to the commercial sector. The company provides kit and equipment to health clubs and corporate gyms and guarantees high quality products at excellent value.

Virtus Fitness's key selling point is that it is a 'one-stop shop' for all fitness equipment for any size commercial project.

Virtus Fitness does not sell to the general public.

Business operations

Staffing structure (including location)

Head office	3 x stores (including warehouses and distribution)	Working from home
Company director (1 × full time) **(Head office only)**	**Warehouse and distribution manager** (3 × full time)	**Marketing and online promotion and sales (after-sales and technical services)** (3 × full time and 20 × part time)
IT, design and administration (2 × full time)	**Branch manager** (3 × full time)	**Human resources (HR)** (3 × part time)
	In-store sales teams (15 × part time)	
	Distribution, maintenance, transport (logistics) and installation team (40 × full and part time)	
	Security and cleaning (10 × part time)	

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Financial records

	2022 (£)	**2023** (£)
Income		
Equipment sales	1,900,000	2,300,000
Annual maintenance contracts (24/7)	200,000	200,000
Installation contracts	500,000	250,000
Total	**2,600,000**	**2,750,000**
Operational costs		
Staffing and wages	1,100,000	1,100,000
Legal costs (insurances)	45,000	50,000
Equipment purchases (for sale)	700,000	800,000
Equipment distribution and shipping	150,000	160,000
Head office rental (including maintenance)	32,000	53,000
Stores and warehouse rental (including maintenance)	300,000	320,000
Total	**2,327,000**	**2,483,000**
Profit	**273,000**	**267,000**

Facilities

Virtus Fitness has stores in Scotland, England and Wales where customers can have demonstrations of all equipment available for purchase. Each store also contains a distribution warehouse. All offices, warehouses and stores are leased on an annual basis.

Store opening times

Visits by appointment only, booked via the website.

Day	**Times**
Monday to Friday	9 am – 5.30 pm
Saturday	9 am – 12 pm
Sunday	Closed

Products and services

There are five main focuses of Virtus Fitness equipment that are available in over 50 leading brands.

Focus	Equipment
Cardiovascular	Treadmills, exercise bikes, rowing machines, cross trainers, steppers
Strength	Benches, squat and power racks, cable machines, Smith machines, multi-gyms, cable attachments
Weights	Dumbbells, weight sets, barbells
Yoga and Pilates	Mats, straps, Pilates balls, blocks
Functional	Suspension training, plyometrics, kettlebells, weighted bags and balls, balance trainers, fitness steps

Pricing is continually checked against competitors' prices to ensure it is competitive.

Virtus Fitness offers a free annual maintenance contract that is a 24/7 call out.

Virtus Fitness offers full installation, that includes CAD (computer-aided drawing) and 3D modelling to design the space and model how the gym will look for space utilisation.

You can sign up to the Virtus Fitness newsletter to gain exclusive welcome discounts and access to one-off sales and promotions.

Virtus Fitness offers one-year interest free credit on all purchases over £1000.

Virtus Fitness does not offer free delivery on any of its product range.

Virtus Fitness is on all social media platforms. It has an extensive website that includes advice and guidance about choosing the right equipment for your needs. The website includes an online chat option with the sales team, relevant research articles and buying guides.

Virtus Fitness also offers a service where all equipment can be branded with the customer's logo. (Additional charges apply.)

Demographics

Commercial health clubs and corporate gyms within the UK.

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PreRun

Business operations

PreRun is a fitness equipment and clothing company, established in 2014. It sells refurbished gym equipment for both commercial and domestic usage.

PreRun sells equipment to hotels, sports clubs, local authorities, leisure centres, corporate gyms and health clubs. It also sells equipment to the general public.

PreRun has 10 stores across the UK where all equipment can be viewed before purchase.

Products and services

PreRun offers both refurbished and new gym equipment.

Area	Equipment
Gym equipment (brand new and refurbished)	• Treadmills, exercise bikes, rowing machines • Cross trainers, steppers • Benches, squat, power racks • Cable machines, Smith machines, multi-gyms, cable attachments, dumbbells, weight sets, barbells • Suspension training kit, plyometrics kit, kettlebells • Weighted bags and balls • Fitness steps, mats, straps, Pilates balls
All refurbished prices are approximately 50% of the recommended retail price (RRP)	
Gym clothing (brand new)	Full range of men's and women's gym clothing including: • Trainers • Tops, crop tops, T-shirts • Hoodies • Jackets • Shorts, trousers, tights, leggings • Compression and base layer

PreRun advertises in a range of UK media platforms including:

- Health and Fitness magazine
- YouTube
- All social media platforms.

PreRun's website has customer reviews and access to a frequently asked questions (FAQ) section to help customers before they purchase any products.

PreRun also has online advice and guidance information to support all fitness goals (e.g. weight loss, flexibility, endurance) that is free with every purchase.

There is free delivery on all purchases over £50 within 30 miles of the store.

There is a 14-day guaranteed money back trial option for all gym equipment purchases only. If a customer is not 100% satisfied, they can return their equipment.

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Store opening times

Stores are open to all customers at the following times:

Day	Times
Monday – Friday	9 am – 8.30 pm
Saturday	9 am – 5 pm
Sunday	9 am – 2 pm

Demographics

UK wide for hotels, sports clubs, local authorities, leisure centres, corporate gyms and health clubs and also the general public.

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Set Task

You must complete ALL activities.

Produce a business summary by completing the following activities. You will need to refer to the set task information and your research notes on fitness equipment businesses.

Activity 1. Review of business information

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

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

(Total for Activity 1 = 16 marks)

Activity 2. Business model analysis

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

(Total for Activity 2 = 16 marks)

Activity 3. Recommendations

Recommend how Virtus Fitness can develop and market itself.

You should consider:

- customer groups
- trends in the industry
- the needs of the business.

(Total for Activity 3 = 20 marks)

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.

(Total for Activity 4 = 12 marks)

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Taskbook

Please do not write answers outside the spaces provided.

You must complete all activities in this taskbook.

Activity 1. Review of business information

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

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

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(Total for Activity 4 = 12 marks)

TOTAL FOR TASK = 64 MARKS

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