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Practice exam questions

Fun and games in the athleisure sector

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Check your answer to the question on pp. 18–20 of the magazine. This question relates to the Edexcel specification.

Sample answer

Entrepreneurs bring factors of production together to create a desirable product or service. The role of an entrepreneur includes creating and setting up a business, running and expanding/developing a business, and innovation.

Entrepreneurs usually have to be prepared to provide their own capital to help fund a business venture and so take calculated risks – some even sacrifice employment to do so. Therefore, creating and setting up a business is quite a pivotal role that involves opportunity costs. Roberts sacrificed a career as a chartered surveyor, which is usually well paid. In order to survive, the entrepreneur may need to monitor the costs and sales of products and continue market research. In Roberts' case, the price of memberships at PureGym, starting at £17.99, are very low compared to competitors such as Virgin Active. This has helped him to grow his business and expand to 600 gyms. However, Roberts' initial injection of capital into a low-cost gym may have failed due to stiff competition from other gyms.

In order to survive, an entrepreneur may need to monitor the costs and sales of products and continue market research. Roberts would need to continue to compare the price of memberships with those of competitors and monitor PureGym's fitness equipment. Roberts innovated by seeing low-cost gyms in the USA and realising that there was a gap in the market in the UK, where gyms only offered expensive memberships. When he established PureGym, he not only undercut other gym's prices by offering low-cost memberships but also operated the gyms 24 hours a day. This has resulted in PureGym becoming the largest gym chain in the UK, with over 1.9 million members worldwide. However, intrapreneurship can also be adopted by other staff in the business as it develops, which may have also played a role in the successful expansion of the chain to the rest of Europe, the USA and the Middle East. Roberts may have needed to listen to the advice of personal trainers as he expanded his gyms beyond the original four.

Sample examiner comment

Mark: 8/8 (level 3 – an excellent response, fully focused on the question)

Thorough knowledge and understanding of entrepreneurship are shown. Application is shown through the use of appropriate context applied to the question. Coherent and logical analysis are linked

together, giving cause and effect of the positive and negative effects of the entrepreneurial roles carried out by Roberts, using context-based quantitative and qualitative data for competing arguments.

An evaluation of competing arguments, with context, is gained from the balanced arguments and counter arguments regarding entrepreneurship and its links to risk and entrepreneurial roles.

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