

**OCR**

Oxford Cambridge and RSA

# Level 3 Cambridge Technical in Sport and Physical Activity

## 05872

### Unit 21: The business of sport

**Friday 19 January 2018 – Morning**  
**Time allowed: 1 hour 30 minutes**

**You must have:**

- no materials required

First Name						Last Name				
Centre Number						Candidate Number				
Date of Birth	D	D	M	M	Y	Y	Y	Y		

#### INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number, candidate number and date of birth.
- Answer **all** the questions.
- Write your answer to each question in the space provided.
- Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).

#### INFORMATION

- The total mark for this paper is **70**.
- The marks for each question are shown in brackets [ ].
- Quality of written communication will be assessed in the question marked with an asterisk(\*).
- This document consists of **12** pages.

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Question No	Mark
<b>Section A: 1-12</b>	/30
<b>Section B: 13</b>	/5
<b>14</b>	/5
<b>15</b>	/5
<b>16</b>	/5
<b>Section C: 17</b>	/20
<b>Total</b>	<b>/70</b>

**Section A**

Answer **all** the questions.

**1** What is a sports business?

.....  
.....[2]

**2** Give **two** types of sport businesses in the private sector.

.....  
.....[2]

**3** Virgin Active Health Clubs are an example of which type of organisation?

Put a tick (✓) in the box next to the one correct answer.

**(a)** Local Voluntary Organisation

**(b)** Global Private Organisation

**(c)** International Public Organisation

**(d)** National Private Organisation

[1]





9 Name **one** right that sport volunteers are entitled to.

.....[1]

10 Outline **two** key factors which have an impact on staff recruitment in a sport business.

.....  
.....  
.....  
.....[2]

11 Give **two** characteristics of 'transactional' marketing.

.....  
.....[2]

12 Describe **two** key points which help to define what Corporate Social Responsibility (CSR) involves.

.....  
.....  
.....  
.....[2]





## Section C

Answer **all** the questions.

### **How damaging is an Adidas decision to pull its athletics sponsorship?**

Adidas has reportedly decided to terminate its sponsorship deal with the IAAF, the governing body of world athletics, amid negative publicity around allegations of doping and corruption. The 11-year deal was set to end in 2019, and according to the BBC, Adidas paid US\$33m for the right to be associated with sports ranging from the marathon to the long-jump – a deal worth as much as US\$8m a year in terms of cash and products.

Neither Adidas nor the IAAF have directly confirmed or denied the reports but this comes at a time when the IAAF is on its knees after the World Anti-Doping Agency reported that corruption was endemic within world athletics' governing body. Sebastian Coe, IAAF's president since 2015, has robustly defended athletics and the organisation amid a swirling tide of claims, allegations and rumours. Adidas pulling out would be a major blow both to him and to the sport over which he presides.

However, Adidas' reported decision is something of a surprise. The sports brand remained loyal to FIFA during an ongoing corruption probe into football's governing body. The longstanding nature of Adidas' relationship with FIFA may be one reason for such loyalty, unlike its relatively recent links with the IAAF, which may explain why it is said to be jumping ship.

Nor should one forget the "Coe factor" in all of this. Coe brought a 38-year relationship with Nike to his role as IAAF president, an association that attracted widespread criticism. Some felt that his role as a brand ambassador (for which he was paid £100,000 a year) would compromise his presidency, and create a potential conflict of interest. He ultimately terminated the deal, stating that he had only ended his association with Nike because of a perceived conflict of interest rather than a proven one.

While this debate unfolded, Nike's name sat centre-stage of the controversy. Adidas bosses surely can't have been pleased about this, especially as their sponsorship was already becoming embroiled in the emerging doping scandal.

Even so, early termination of a sponsorship deal is a massive strategic call for any business, especially at this level of sport. This suggests that company chiefs are clear in their minds that there is a business case for withdrawal: probably to mitigate some of the reputational damage the company has already suffered, almost certainly to stop consumers associating the Adidas name with doping and corruption allegations.

A decision by Adidas to terminate its deal would be no apocalypse for the IAAF. Former president Lamine Diack previously sold the control of the IAAF's sponsorship rights to a Japanese company, Dentsu. It is Dentsu that sold the rights to Adidas and it will take any financial hit that an Adidas sponsorship termination brings. That said, athletics is damaged goods and early termination will tilt the balance of power in sponsorship negotiations away from the sport and towards prospective sponsors.

Don't bet on there being a mass outbreak of morality though. With a high-profile sponsorship property such as world athletics now up for grabs, it is likely that several of the world's leading sports apparel brands will be taking a close look at filling the gap.









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