

Cambridge TECHNICALS LEVEL 3

# SPORT AND PHYSICAL ACTIVITY

Cambridge  
TECHNICALS  
2016

Feedback on the January 2018 exam paper  
(including selected exemplar candidate answers  
and commentary)

Unit 21 – The business of sport

Version 1

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# INTRODUCTION

This resource brings together the questions from the January 2018 examined unit (Unit 21), the marking guidance, the examiners comments and the exemplar answers into one place for easy reference.

We have also included exemplar candidate answers with commentary for questions 5, 14 and 17(c).

The examiner's comments are taken from the Report to Centre for this question paper.

The Question Paper, Mark Scheme and the Report to Centre are available from:

<https://interchange.ocr.org.uk/Modules/PastPapers/Pages/PastPapers.aspx?menuindex=97&menuid=250>

**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

**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).

**FOR EXAMINER USE ONLY**

Question	Mark
Section A: 1-12	/20
Section B: 13	/5
14	/5
15	/5
16	/5
Section C: 17	/20
<b>Total</b>	<b>/70</b>

**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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**Sport**

Unit 21: The business of sport

Level 3 Cambridge Technical Certificate/Diploma in Sport  
**05872**

**Mark Scheme for January 2018**

Oxford Cambridge and RSA Examinations

**OCR**  
Oxford Cambridge and RSA

**Cambridge Technicals in Sport and Physical Activity**

Level 3 Cambridge Technicals Certificates in Sport and Physical Activity  
**05826, 05827**

Level 3 Cambridge Technicals Diplomas in Sport and Physical Activity  
**05828, 05829, 05872**

**OCR Report to Centres - January 2018**

Oxford Cambridge and RSA Examinations

## GENERAL EXAMINER COMMENTS ON THE PAPER

In this first series of the examination, learners were in the main well prepared for questions on most aspects of the unit.

Most learners managed their time effectively with little evidence of many running out of time to complete the paper. The recall-type questions and short answer questions in Section A were generally answered well and most scored well

In Sections B and C of the paper where learners are required to write extended answers, answers often showed a lack of fluency in written communication and at times strayed from the requirements of the question. Learners performed less well on questions that demanded the application of knowledge or the learners needed to give supporting examples. For example In question 14 the learners were asked to explain with examples how increased commercialisation of sports might feel to consumers, this proved to be extremely challenging.

At times a lack of clearly expressed knowledge was an issue, leading to 'NBD' (No Benefit of the Doubt) being indicated on responses. This was particularly evident with Question 5 on the PEST analysis and on Question 14 on commercialisation.

If learners require extra space for their answers centres are asked to remind learners to use additional booklets for their answers, rather than write down the sides of the answer booklet or in other ways which potentially make the response difficult to read and therefore mark.

### **Resources which might help address the examiner comments:**

From the link below, you'll find 'The OCR guide to examinations' (along with many other skills guides)

<http://www.ocr.org.uk/i-want-to/skills-guides/>

Command verbs definitions

<http://www.ocr.org.uk/Images/273311-command-verbs-definitions.pdf>

## Questions 1, 2 and 3

**Section A**

Answer all the questions.

**1 What is a sports business?****Two marks from:**

1. A person, organisation, activity or enterprise focussed on sport
2. Producing/Facilitating/Promoting/Selling/Organising any activity, experience or business enterprise (with a focus on sport)
3. Can be in the private, public or voluntary sectors
4. Such as:
  - a fitness instructor or sports coach
  - a sports club
  - a sports agent
  - a governing body
  - a leisure centre
  - a sports charity
  - a gym

.....  
...[2]**2 Give two types of sport businesses in the private sector.****Two marks from:**

1. Retail, e.g. Sports Direct, Decathlon, JD Sports
2. Professional sports clubs
3. Private leisure centres/sports clubs, e.g. Virgin Active, David Lloyd, Nuffield Health
4. Personal trainers/fitness instructors
5. Consultancy agencies
6. Marketing and sponsorship agencies
7. Sports media companies, e.g. Sky Sports, BT Sport, ESPN, Liberty Media
8. Equipment manufacturers, e.g. Umbro, Gilbert, Under Armour, Adidas, Nike, Puma
9. Sports betting companies, e.g. William Hill, Coral, Bet365, Dafabet, 32Red, Paddy Power
10. Sports nutrition, e.g. USN, MaxiMuscle, Holland & Barrett
11. Sports rehabilitation/therapy

.....  
...[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]

## Mark scheme guidance

### Question 1:

Pt 4 – Accept any relevant example used to support the answer for a mark if max 2 marks not already achieved.

### Question 2:

Pt 1 – Accept any relevant example.

Pt 2 – Accept any professional club associated with any sport.

Pt 3 – Accept any private commercial leisure/sport club example.

Pt 6 – Accept any relevant example.

Pt 7 – Accept any relevant example.

Pt 8 – Accept any relevant example from any sport.

Pt 9 – Accept any relevant example.

Pt 10 – Accept any relevant example.

Pt 11 – Accept any relevant example.

## Examiner comments

**Question 1** – This was answered well by many learners, although some repeated the terms in the question rather than actually defining what a sports business is.

**Question 2** – Responses to this question were excellent, with the majority of learners scoring a maximum. The two types of sport business were clearly identified. Where learners did not score maximum marks this was because they gave two examples from the same type of business on the mark scheme.

**Question 3** – Multiple choice Question – Learners knowledge of different type of organisations was rather mixed. There was some confusion from their answers over whether Virgin Active was a global or a national private organisation.

Questions 4 and 5

4 The overall business environment is made up of three different sub environments, as shown in Fig.1.

From the list below, select the **four** components of the internal environment and enter them into the spaces provided in the diagram:

- A. Intermediaries
- B. Equipment
- C. Other stakeholders
- D. Suppliers
- E. Finance
- F. Employees
- G. Competitors
- H. Functional responsibilities

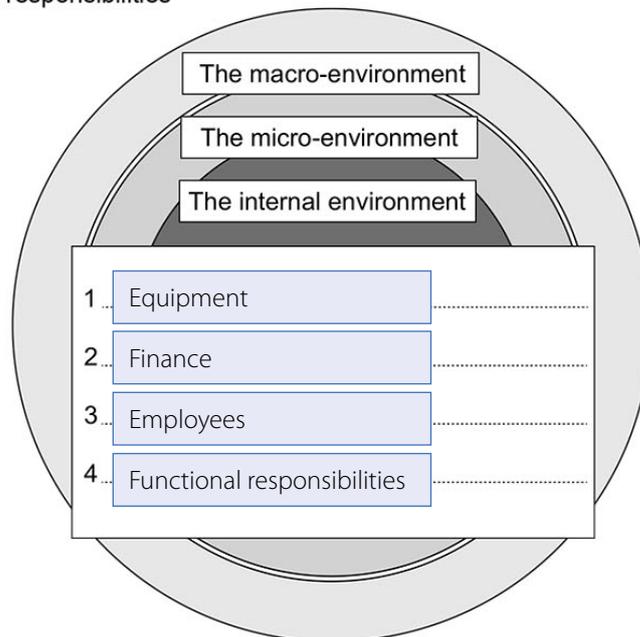


Fig.1.

[4]

5 The macro-environment is made up of several trends and forces. It is often examined using a PEST Analysis.

Outline what each component of a PEST analysis focuses upon.

**Four marks from:**

1. Political environment- including any references to trade regulations, political stability, general laws & legal issues, government agencies and pressure groups which are influential on the activities of a society's organisations and its population
2. Economic environment – including any references to elements which have an influence on the spending power and purchasing habits of consumers, e.g. inflation, interest rates, economic growth, economic stability, unemployment policies
3. Social and cultural environment – including any references to demography and culture, e.g. population growth, age groups, religious and ethical focus, education, environmental and health issues and job market patterns, fashion trends
4. Technological environment – including any references to forces which establish new technologies, providing new opportunities, governmental investment in new technology, the influence of new technology and the life cycle of existing technology

[4]

## Mark scheme guidance

### Question 5:

Accept any appropriate example, as per the following suggestions, (the terms political, environmental, social and technological on their own are **not** acceptable):

- Pt 1 – Accept any answer which includes the term political, **with** a single example of how the political environment impacts on sport, e.g. the influence of the DCMS
- Pt 2 – Accept any answer which includes the term economic, **with** a single example of how the economic environment impacts on sport, e.g. the availability of disposable income to spend on sporting activities/events
- Pt 3 – Accept any answer which includes the term social/cultural, **with** a single example of how the social/cultural environment impacts on sport, e.g. the heightened awareness of diet and healthy lifestyle influencing health related fitness businesses
- Pt 4 – Accept any answer which includes the term technology, **with** a single example of how the technological environment impacts on sport, e.g. the availability of hardware and apps to encourage physical activity amongst the general population.

## Examiner comments

**Question 4** – Learners knowledge of the internal environment was very good and they scored very well on this question, many of them scoring maximum marks. However In some responses, learners mistook suppliers to be one of the components.

**Question 5** – This question was answered poorly, showing that learners had not read the question properly. The majority of responses simply listed the 4 components of a PEST analysis- Political, Economic, Social/Cultural and Technological. However the question actually states that learners are to 'outline what each component focuses on'. So as a result many learners scored 0 on this question. For those learners who did outline or provide an appropriate example then they were able to access some or all of the marks.

## Exemplar Candidate Work

## Question 5 – high level answer

- 5 The macro-environment is made up of several trends and forces. It is often examined using a PEST Analysis.

Outline what each component of a PEST analysis focuses upon.

Political forces focuses on the laws and government legislations involved in sport.

Economical forces focus on the financial impact on sport, positive and negative.

Social-Cultural forces focus on equality between / amongst various ages, genders, races, ethnic backgrounds

as well as other components which require equality within sport. Technological forces focus on the [4]

media coverage, advertisement and exposure within sport.

### Commentary

This is a very good and well balanced answer. The candidate identifies the four main forces, Political, Social-cultural, Technological and Economical. For the first three of these components they then outline what each of the forces focus upon, which then allows them to score three marks.

Firstly in the Political component the candidate identifies the laws and legislations involved in sport, secondly in the Social cultural component they identify equality amongst different age groups and thirdly in the Technological component they identify the media coverage within sport.

To achieve the final mark and gain full marks on this question the candidate needed to develop their answer further by outlining what is meant by economical forces. They referred to the financial impact, on line 3, but they needed to be more specific and identify a financial impact such as the rate of inflation or a reference to current interest rates. If they had done this then they would have accessed Point 2 on the mark scheme.

## Questions 6, 7 and 8

- 6 Pentathlon Limited is a sports retailer and it has had a successful year selling a wide range of sports equipment and clothing across several different countries in Europe.

Explain **four** different ways a sport business such as Pentathlon Limited can measure how successful it has been.

**Four marks from:**

1. **Profit** – An increase in comparison to previous year(s)/maximising income
  2. **Share Price** – improved compared to previous year(s)
  3. **Customer satisfaction** levels have increased based on customer feedback. There have been a small/decreased number of complaints
  4. **Growth in sales** of the product and service volume offered to customers/An increased reach of products and services into new or existing markets/Increased inclusion of a broader product/service range
  5. **Reputation** has been enhanced reflected in positive customer feedback
  6. **Loyalty** – Repeat business/customer loyalty/customer retention is more prevalent with existing customers generating more sales revenue than in previous year(s)
  7. **Expansion of organisation**, demonstrated by a greater online presence, more retail outlets or establishing a presence in new geographical areas
  8. **Legacy** – Leaving a legacy of high quality customer service, integrity, trust, honesty or social responsibility in the areas where the business has been operating
  9. **Winning trophies** and competitions for such areas as customer service and growth, including internal recognition for individual outlets regarding sales and service performance
  10. **Recognisability** in terms of brand, the products and services offered and what the organisation wants it to be seen to represent, e.g. quality, reliability and service.
- [4]

- 7 Sports betting companies such as William Hill and Bet 365 attract a wide range of customers who are interested in placing bets on the outcomes of professional sporting events.

Describe the benefits for these companies of retaining regular customers rather than having to rely on attracting new ones.

**Four marks from:**

1. Cost of attraction v cost of retention – cheaper to retain than attract e.g. advertising costs reduced/lower for retained customers
  2. Impact on reputation – customer retention likely to be perceived as a positive thing; 'losing' lots of customers seen negatively
  3. Predictability of income/financial security
  4. Loyal customers have a decreased tendency to migrate to competitors, with an increased likelihood to purchase more and be less price sensitive. Don't require same financial incentives/discounts
  5. **Employee** jobs are more straightforward as they appreciate what customers want.
  6. Regular and ongoing **customers** are easier to service due to the familiarity with the product/service. Customer confidence increased/increased spending.
- [4]

- 8 Identify **two** roles which volunteers in sport could undertake.

**Two marks from:**

1. Event support staff (e.g. stewards, registration desk personnel, security staff)
  2. Sports coaches/leaders
  3. Club/team committee representatives
  4. Officials
  5. Administrators e.g. secretary.
- [2]

## Mark scheme guidance

### Question 6:

Accept any explanation which reflects the examples highlighted.

Pt 4 – Accept 'increase in customer footfall'.

Pt 8 – Accept any example which denotes a positive legacy.

### Question 7:

Pt 1 – Accept any explanation which reflects the examples highlighted here.

### Question 8:

X 2 synoptic marks linked to Unit 3, LO4.

Pt 1 – Accept any example which relates to the type of examples highlighted here.

## Examiner comments

**Question 6** – This was generally answered well with learners showing a good knowledge of how businesses can measure their success, with many learners being able to explain four different ways and so achieve maximum marks. Answers were varied and covered the whole of the mark scheme.

**Question 7** – This question was answered reasonably well; however few learners scored full marks. Many learners were able to describe 2 or 3 benefits with cost of attraction v retention, predictability of income and regular customers are easier to service being the most common. However very few learners were able to give 4 benefits and so achieve full marks. It is very important that centres re-iterate to learners that where a question is worth 4 marks that learners need to make 4 points.

**Question 8** – Responses to this question were very good, with the majority of learners scoring a maximum. The two roles of volunteers were clearly identified. Where learners did not score maximum marks this was because they gave two examples from the same role on the mark scheme.

## Questions 9, 10, 11 and 12

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

**One mark from:**

1. Insurance
2. Grievance
3. Zero hour contracts/no contract/leave position whenever they want
4. Right to training e.g. basic First Aid

.....[1]

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

**Two marks from:**

1. **Sector** – some sectors will need specific business skills such as marketing and finance, e.g. sports retail, some will need sport specific coaching skills, e.g. private football/hockey coaching company
2. **Roles and requirements** (e.g. legal requirements such as minimum age or licence to practice, personal qualities such as communication skills)
3. **Local requirements** will dictate the type of staff required – e.g. language skills and demographics – could also have an influence, e.g. the business may be located in an area with an ageing population who don't have required social media skills to help grow the business
4. **Available budget** – a limited staffing budget might be reflected in the ability to attract and retain high quality staff. Conversely, a higher staffing budget is likely to attract and retain more capable staff
5. **Reputation** of the business – a positive image/reputation will help to increase staff recruitment

.....

.....

.....

.....[2]

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

**Two marks from:**

1. Time frame is short term
2. Organisational goal is simply to make a sale/profit
3. Customer service is a relatively low priority/poor relationships
4. Customer contact is low to moderate
5. Level of customer commitment is low
6. Seller-customer interaction is based upon conflict manipulation
7. The source of quality is primarily from production

.....

.....[2]

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

**Two marks from:**

1. An approach where a business considers how its **activities impact on society**
2. An approach where a business considers how its **activities impact on the environment**
3. Where an organisation contributes to sustainable development by providing **economic benefits** for all stakeholders
4. Where an organisation contributes to sustainable development by providing **social benefits** for all stakeholders
5. Where an organisation contributes to sustainable development by providing **environmental benefits** for all stakeholders

.....

.....

.....

.....[2]

## Mark scheme guidance

### Question 10:

Pt 1 – Accept any similar type of example.

Pt 3 – Accept similar examples which refer to local requirements and demographics.

### Question 12:

Accept answers which touch upon the key areas of impact on society and the environment, as well as any reference/example to economic, social and environmental benefits.

Pt 2 – e.g. a business adopts a policy to recycle more (plastic).

Pt 4 – e.g. business increases recycling so there is not as much litter in the community.

Pt 5 – e.g. a business provides bins for recycling (plastic).

## Examiner comments

**Question 9** – This was a straight forward question and was well answered by the majority of learners. There were some scripts where this question was left unanswered

**Question 10** – This question had a mixed response showing that some Centres appeared to have really taught this area very much in line with the teaching content, and learners answers followed the exact wording of the mark scheme, for example, sector, roles and responsibilities, local requirements etc. However weaker answers showed limited knowledge of staff recruitment and wrote in very vague terms.

**Question 11** – This was well answered and learners often scored full marks. They showed that they had a good basic knowledge of 'transactional' marketing and typically referred to a short time frame, to make a sale and poor customer service in their answers. Where learners did not score maximum marks answers were vague and in some instances not attempted.

**Question 12** – This was well answered and learners often scored full marks. They showed that they had a good basic knowledge of CSR and typically referred to the impact it had on society and the environment, with sometimes worthwhile examples being given as an alternative. There were some scripts where this question was left unanswered.



## Question 14

**14** Across all sport businesses, there is now more commercialisation present in their day to day activities.

Using examples, explain how the increasing commercialisation of sports and sports business might feel to consumers.

**Five marks from:**

1. Exploitation to make a profit, e.g. cost to spectate, increased ticket prices, cost of replica kit and equipment
2. Sports moving from leisure activity to a paid spectator activity e.g. improved stadia gives better experience
3. Introduction of media contracts limiting access to sport, e.g. F1, Premier League Football, Boxing
4. Realisation by sport businesses that strong engagement with consumers has become essential
  - e.g. professional sports clubs with community engagement programmes
  - e.g. large sports goods manufacturers supporting and sponsoring sporting events and children's events
5. The impact on consumers by sport businesses utilising or being represented in the mass media
  - e.g. product advertisements
  - e.g. product endorsements by celebrities
  - e.g. product placement
6. The amount of social media and digital marketing which consumers are exposed to connected with sport business
  - e.g. product advertisements
  - e.g. product endorsements by celebrities
  - e.g. product placement.

[5]

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## Mark scheme guidance

### Question 14:

**Sub max 3 marks for commercialisation facts only.**

**Max 5 must have at least two examples.**

Pt 2 – Accept any sporting example.

Pt 3 – e.g. Sky and BT Sport have contracts with NGBs.

Pt 3 – e.g. change of kick off times.

Pt 4 – Accept any examples where consumer engagement has been developed by sport businesses.

Pt 5 – Accept any relevant example.

Pt 6 – Accept any relevant example.

### Examiner comments

The answers to this question were some of the weakest on the exam paper. The majority of learners only scored 0, 1 or 2 marks. Many did not seem to realise that the question was asking for a detailed description (it was worth 5 marks) with examples about how increased commercialisation of sports might feel to customers. Learners answers were too brief and they often only wrote about an increase in ticket prices or media contracts increasing/limiting access to sport. More detail was necessary to access the higher marks and needed to include factors such as the impact on consumers by businesses using the Mass media and social media and how they were exposed to them.

## Exemplar Candidate Work

## Question 14 – low level answer

14 Across all sport businesses, there is now more commercialisation present in their day to day activities.

Using examples, explain how the increasing commercialisation of sports and sports business might feel to consumers.

- Consumers will find it easier to access sport
- Lower price to view sport, can watch it on the TV
- Easier to stay updated with your team
- Easier to access sport around the world (larger broadcastary)
- Larger scale of sports broadcasted on the TV

[5]

### Commentary

The answer provided by the candidate is brief and repetitive of the same point and therefore this is reflected in the mark awarded. The candidate understands how commercialisation is affected by the media and how it is easier for the customers nowadays to access the amount of sport on television (point 3 on the mark scheme). However at level 3 we require much greater depth and detail to the answer.

The candidate needs to specify other ways that increased commercialisation might affect the customer. So for example by stating that sports clubs have increased their ticket prices or they have increased the price of replica kit this will then impact on the customer (point 2 on the mark scheme).

To improve the answer further the candidate also needs to show an understanding of how sports businesses/sports clubs can work together with their consumers. So for example a local large business might sponsor an event or a professional football team might work together with the local community on a particular project (Point 4 on the mark scheme).

## Exemplar Candidate Work

## Question 14 – medium level answer

14 Across all sport businesses, there is now more commercialisation present in their day to day activities.

Using examples, explain how the increasing commercialisation of sports and sports business might feel to consumers.

Many The profit revenue that is created will be a huge factor which will have a positive affect on the consumer. Also facilities will be improved which makes fans enjoy games. Viewing experience is enhanced and there is more sport to watch. However the media is getting involved in people's lives and it is very expensive for fans to watch games. For example paying for BT and sky sports. [5]

### Commentary

The candidate demonstrates sound knowledge and understanding of how commercialisation of sport has affected the consumer. Marks have been awarded for point 1 the revenue that is created, point 2 improved facilities giving the fans a better experience and for point 3 how the cost of watching games through BT and Sky has increased.

The answer could have been improved by showing an understanding of how sports businesses/sports clubs can work together with their consumers. So for example a local large business might sponsor an event or a professional football team might work together with the local community on a particular project (point 4 on the mark scheme).

Furthermore if they had then considered how businesses use the media and the social media to advertise their product or perhaps how they use role models/celebrities to endorse their products (points 5 and 6 on the mark scheme) this would have enabled them to access full marks.



## Mark scheme guidance

### Question 15:

x 5 synoptic marks linked to Unit 3, LO4.

### Sub-max of 4 for each aspect ('recruiting' and 'managing').

Pt 7 – e.g. limited budget and availability for training.

Pt 10 – e.g. terminate employment when they want.

Pt 12 – e.g. Insurance, Grievance.

### Question 16:

Accept relevant examples as alternative answers.

## Examiner comments

**Question 15** – Many learners scored 3 or more marks on this question showing a good understanding of the challenges associated with recruiting and managing volunteers. There was good coverage of all the marks on the mark scheme. Weaker answers only offered a couple of discussion points and so this limited how many marks they could access. Good answers made sure that they had attempted to discuss at least 5 possible challenges to recruiting and managing volunteers

**Question 16** – This was a poorly answered question with many learners only offering 1 or 2 factors that businesses try to do to ensure that they are sustainable. There were also some scripts where this question was left unanswered. The better answers referred to breaking even, creating a quality product, trying to expand what they do and diversifying products. It is very important centres re-iterate to learners that where a question is worth 5 marks that learners need to make 5 points.

## Section C

### 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.

## Question 17(a)

As the case of Puma and the South African Football Association proved a couple of years ago, just because one company takes the moral high ground doesn't mean its rivals will too. Puma ended its sponsorship over fixing claims only for Nike to replace it. Similarly, it is inevitable that the likes of Nike will be monitoring the current situation very carefully.

Whoever the new sponsors ultimately may prove to be, the revelations could well be era defining. For years, many critics have been calling on sponsors to take direct action against sports and any governing bodies deemed to have been corrupt, immoral or even just badly run. Viewed in these terms, Adidas' decision may be a tipping-point, where the morals of the marketplace begin to dominate corporate decision making. After all, why would any company hang around a sport so tarnished that it might, in the eyes of consumers, become tarnished in the same way?

17 (a)\* Analyse the potential impact on both the IAAF and Adidas if the sponsorship deal is terminated.

[8]

**Impacts on the IAAF:**

1. Short to medium term decreases to IAAF revenue
  - loss of sponsorship income from Adidas over duration of the deal
  - potentially highlights an over-reliance on such monies by the IAAF
  - could affect other financial commitments of the IAAF
2. Reduced money available to invest
  - e.g. a lack of funding support for new technology
  - e.g. a decrease in financial support for anti-doping initiatives
  - e.g. to invest in new stadia/improvements to stadia
  - e.g. in improvements to training facilities and coach development
3. Could mean having to cut back on initiatives or events
  - may not run some which were not going to make a profit
  - may cancel some activities which were aimed at raising profile of athletics in countries/areas where its less popular
  - could affect investment into youth/grass roots
4. Effect on other sponsors
  - Other sponsors may leave/withdraw
  - Harder to attract new sponsors
  - Future sponsors may want to pay less/weakens IAAFs negotiating position
5. Negative impact on IAAFs/athletics' reputation
  - Adds to the pressure on the IAAF
  - Adds to sense that athletics is 'in crisis'
  - Perception that issues are widespread is reinforced
6. Provides an opportunity to explore new types of sponsorship with rival sponsors to Adidas
  - e.g. sponsorship which covers physical facilities e.g. stadia sponsorship
  - e.g. sponsorship which supports and appears in all social media activity
7. Increased opportunity to promote the sport of athletics alongside alternative global brands instead of Adidas to a national/international and global audience
  - e.g. TV promotion of athletics events
  - e.g. co-ordinated social media campaigns
  - e.g. press campaigns
  - e.g. CSR events
8. An alternative sponsor could permit an association with different global superstars supported by a global brand
  - e.g. global superstars promoting the IAAF, whilst wearing branded products

**Impacts on Adidas:**

9. Reputation/image
  - could improve their image with some who are associating them with cheating in athletics
  - will limit/stop further reputational damage if other allegations/issues arise in athletics
  - could be seen as too little too late – so damage already done and loss of money on top
10. Financial
  - could affect share price depending on how the decision is received
  - potential loss of revenue through associated products
  - loss of advertising/promotion as a lead sponsor of high profile organisation and events
  - rivals could take over sponsorship
11. Other sponsorship deals
  - Could be positive in terms of others they sponsor feeling that Adidas are starting to be tainted by association with athletics
  - May make others they sponsor question their commitment
  - 'Frees up' money which they can invest in other sponsorship deals
  - If they sponsor individual athletes then they need to decide whether to continue

**Mark scheme guidance****Level 3 (7-8 marks)****A comprehensive answer**

- Detailed knowledge and understanding
- Effective analysis/evaluation and/or discussion/explanation/development
- Clear and consistent practical application of knowledge
- Accurate use of technical and specialist vocabulary
- High standard of written communication.

**At Level 3 responses are likely to include:**

- At the top of this level many impacts are identified and discussed in detail.
- Responses contain a range of relevant examples.
- Both IAAF and Adidas are comprehensively covered.
- Analysis of potential impacts on both organisations is considered and evaluated.

**Level 2 (4-6 marks)****A competent answer**

- Satisfactory knowledge and understanding
- Analysis/evaluation and/or discussion/explanation/development attempted with some success
- Some success in practical application of knowledge
- Technical and specialist vocabulary used with some accuracy
- Written communication generally fluent with few errors

**At Level 2 responses are likely to include:**

- At the top of this level several impacts are identified and discussed in detail.
- Responses contain some relevant examples.
- Both IAAF and Adidas are covered.
- There is some analysis of potential impacts on both organisations.

**Level 1 (1-3 marks)****A limited answer**

- Basic knowledge and understanding
- Little or no attempt to analyse/evaluate and/or discuss/explain/develop
- Little or no attempt at practical application of knowledge
- Technical and specialist vocabulary used with limited success
- Written communication lacks fluency and there will be errors, some of which may be intrusive

**At Level 1 responses are likely to include:**

- At the top of this level several impacts are identified.
- Only IAAF or Adidas may be covered.
- Responses are predominantly factual with little or no understanding.

**Examiner comments**

**Question 17(a)** – (Levels of Response) This eight-mark question is marked using a levels response mark scheme; examiners use the levels descriptors and indicative content in the mark scheme to reach a holistic judgment about the level within which the response should sit and award a mark within that level accordingly.

This question was generally quite well answered. Most learners were able to provide a solid level 2 answer with the higher end able to score level 3 and so provide a balanced answer. The best answers structured their response so that it dealt with the impacts and then analysed the effect it would have on both the IAAF and Adidas. Weaker answers were brief and list-like, stating an impact but not really explaining how it could affect the organisations. Very few learners scored 0.





## Exemplar Candidate Work

## Question 17(c) – medium level answer

(c) What are the benefits and drawbacks of big sponsorship deals as sources of sports funding?

If a sponsorship deal for was to be advertised by an event they would be seen by spectators, have an improved reputation by being advertised by a positive event. The drawbacks are that if the ~~can~~ business may support something negative such as loans, alcohol and betting companies which will influence people to get into these things, this would benefit these businesses as they would earn more money from spectators purchasing items.

[6]

### Commentary

The candidate demonstrates reasonable knowledge and understanding of the benefits and drawbacks of a big sponsorship deal. Marks have been awarded for two benefits, earning more money (point 1 on the mark scheme) and having an improved reputation (point 3 on the mark scheme) and one drawback the business may support something negative (point 9 on the mark scheme).

To achieve a high answer on this question the candidate could have expanded either the benefits or the drawbacks. In relation to the benefits they needed to link the improved reputation to the business being on an international scale and then the sponsorship deal would have a global appeal (point 5 on the mark scheme).

Furthermore in their answer to drawbacks, having written about the negative association that some big sponsors have they could have then developed this point and added that this could potentially lead to a conflict of interests (point 7 on the mark scheme).

## Exemplar Candidate Work

## Question 17(c) – high level answer

(c) What are the benefits and drawbacks of big sponsorship deals as sources of sports funding?

One ~~key~~ benefit of big sponsorship deals is that the organisation will get a large sum of money and the brand will have a constant stream of money. One drawback is that if the organisation has some controversy in the sport it can affect the sponsor too. Another benefit is that if the company sponsoring has a good reputation it will also reflect well on the organisation. A drawback is that the money is paid in one lump sum, this means that the money would have to last them a long time. One benefit is that they can sell items from the brand and make more money on top of that. One drawback [6] is that they may look as if they are selling out to the sponsors just for the money.

### Commentary

This is a very good and well balanced answer that looks at both the benefits and drawbacks of a big sponsorship deal. It explains three benefits, points 1, 2 and 3 on the mark scheme and two drawbacks, points 6 and 9 on the mark scheme.

To achieve the final mark and gain full marks on this question the candidate could have given either a further benefit or a drawback. In relation to benefits the candidate needed to link the improved reputation that they had already mentioned to the business possibly gaining international/global status or they could have linked their good reputation to making products appear more fashionable or desirable to consumers.

In relation to drawbacks having written about the controversy in sport that some big organisations may have, they could have then developed this point and added that this could potentially lead to a conflict of interests.



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