

Level 3 Cambridge Technical Sport and Physical Activity

05872

Unit 21: The business of sport

Sample Assessment Material

Date – Morning/Afternoon

Time Allowed: 1 hour 30 minutes



You may use:
none



First Name		Last Name	
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Centre Number						Candidate Number				
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Date of Birth									
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INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Write your answer to each question in the space provided.
- If additional space is required, use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.

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 this paper.
- This document consists of **12** pages.

Answer **all** questions.

Section A

1 Give **three** types of sport business in the public sector.

- 1
- 2
- 3

[3]

2 Which of the following is **not** part of the micro-environment of a sport business?

- A Customers
- B Suppliers
- C Competitors
- D Government legislation

Your answer

[1]

3 A method of comparing the internal capabilities of a sport business with the demands and challenges of its external environment is referred to as:

- A SHOT analysis
- B SWOT analysis
- C Stakeholder analysis
- D Shareholder analysis

Your answer

[1]

4 Which of the following is not part of the macro-environment?

- A Political
- B Economic
- C Product
- D Socio-cultural

Your answer

[1]

5 Nike and Adidas are examples of what type of organisational structure:

- A Local Voluntary Organisation
- B National Public Organisation
- C Global Private Organisation

Your answer

[1]

6 Name **three** measures of success for a sport business in the private sector.

1

2

3

[3]

7 Name **three** different types of contract used to recruit staff in the sport industry.

1

2

3

[3]

8 Describe **three** ways in which a sport business would benefit from successful staff retention.

1

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2

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3

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[3]

Turn over

9 Give **three** reasons why sport businesses would use volunteers.

- 1
- 2
- 3 **[3]**

10 Give **three** different examples of breaking financial regulations in sport.

- 1
- 2
- 3 **[3]**

11 Name **four** sources of funding available to sport businesses.

- 1
- 2
- 3
- 4 **[4]**

12 One of the ways that funding is used by sports businesses is on sports development initiatives.

Provide **four** examples of current initiatives which aim to increase participation in sport and physical activity.

- 1
- 2
- 3
- 4 **[4]**

Section B

13 Discuss why the concept of Corporate Social Responsibility is becoming increasingly important for sport businesses in today's society.

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14 Explain why commercialisation in sport is becoming increasingly important to both sport businesses and the sports fan.

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Turn over

15 Describe the main characteristics of sport businesses operating in voluntary sector.

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[5]

16 Explain the benefits of customer retention and customer loyalty to a sport business over having to recruit new customers.

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[5]

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Turn over for next question

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Section C

All of the questions in Section C should be answered in relation to the case study below.

All of the questions in Section C should be answered in relation to the case study below.

2,000 sign petition against Wolverhampton Wanderers Football Club - The Money Shop deal

More than 2,000 people have now signed a petition against Wolverhampton Wanderers' new sponsorship deal.

The petition was launched in response to the club's unveiling of The Money Shop as their main shirt sponsor this week. Some supporters have criticised the three-year deal, believing Wolverhampton Wanderers shouldn't be promoting a payday loan company. The petition calls for Wolverhampton Wanderers to reverse the sponsorship decision and 'rectify this error of judgement'.

The petition statement in full:

“Jez Moxey, as CEO of Wolverhampton Wanderers Football Club, we are calling on you to reconsider the sponsorship agreement between the football club and ‘The Money Shop’. Whilst we acknowledge that they have already sponsored the club in the past and that their business practices are completely legal, we feel that the move to become the main sponsor is a step too far forming a significant link between the football club and their business, including their practices. We believe that this significant change is one that impacts negatively on the club to such an extent where we must ask for the association be completely broken between the two entities.

We strongly feel that that ‘The Money Shop’s’ business practices, whilst legal, do not fit with the ethics of the football club, the supporters and the area it represents and believe that this is something that as custodians and employees of the club you should seek to consider and uphold where ever possible. We hope that the club will appreciate and accommodate our strong views on this and are requesting you, as CEO, quickly rectify this error of judgement.”

Chief Executive Officer (CEO) Jez Moxey defended the deal, saying Wolverhampton Wanderers couldn't have chosen 'a more reputable firm'.

At the sponsorship launch on Wednesday he said:

"It's a highly regulated business. They're here to try and improve the image of the sector. I don't think we could have associated with a more reputable firm. Engagement with fans and community is at the very heart of this relationship."

The Money Shop has been associated with Wolverhampton Wanderers since 2009 and already sponsors the South Bank stand.

The company describes itself as a 'diversified financial provider' and offers cash-to-gold and pawn broking services in addition to short-term loans.

The deal has sparked a huge debate online, with some fans criticising the move and others suggesting that maximising income must be the club's priority.

17 (a) Analyse the benefits and drawbacks of the sponsorship deal between Wolverhampton Wanderers and The Money Shop, taking into consideration all relevant stakeholders.

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17 (b) Discuss alternative ways the club could look at generating money other than shirt sponsorship.

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18 Explain why strategies used to maximise profit by sports businesses such as professional clubs can often have an adverse effect on their relationship with customers.

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Adapted from *2,000 sign petition against Wolves' The Money Shop deal*, Express and Star, Wolverhampton, 15 April 2016, www.expressandstar.com.

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Sample Assessment Material
Level 3 Cambridge Technical Sport and Physical Activity

Unit 21: The business of sport

MARK SCHEME

Duration: 1 hour 30 minutes

MAXIMUM MARK 70

SPECIMEN

Version: 0.4 Date: 25/08/2016

Section A

Question	Answer	Marks	Guidance
1	Three marks from: 1. Public leisure centres/sports clubs 2. Public parks/playing fields 3. Schools/colleges	3 (3x1)	Accept named examples as equivalent for each type
2	(d) Government legislation	(1)	Micro Environment - Comprises all those organisations and individuals who directly or indirectly affect the activities of a company. i.e. o Customers o Intermediaries o Suppliers o Other stakeholders
3	(b) SWOT Analysis	(1)	This is analysed by using the SWOT Analysis • Strengths and Weaknesses (Internal) • Opportunities and Threats (External)
4	(c) Product	(1)	• Macro Environment - Comprises general forces and trends rather than specific organisations: (often known as PEST analysis) o Political environment o Economic environment o Social and cultural environment o Technological environment
5	(c) Global Private Organisation	(1)	They are profit driven and have a global presence (trade in most countries)

Question	Answer	Marks	Guidance
6	Three marks from: 1. Profitability 2. Share price 3. Customer satisfaction/low number of complaints 4. Growth/reach/inclusion 5. Reputation 6. Repeat business/customer loyalty/customer retention 7. Expansion 8. Legacy 9. Winning trophies and competitions 10. Recognisability	3 (3x1)	This is not an exhaustive list and can be dependent on the nature of the organisation (size, type of sport etc)
7	Three marks from: 1. Part time 2. Full time 3. Permanent 4. Temporary 5. Contracted 6. Seasonal 7. Outsourcing 8. Voluntary	3 (3x1)	
8	Three marks from: 1. Less recruitment/training costs 2. More skilled/experienced workforce 3. Staff know the customers better 4. Promoting from within 5. Better motivation/service from employee 6. Team spirit/ethos 7. Job satisfaction/job security	3 (3x1)	

9	<p>Three marks from:</p> <ol style="list-style-type: none"> 1. Cost 2. Inclusion 3. Meeting objectives 4. Funding criteria 5. Advocacy 6. Nature of organisations (e.g. one-off events) 7. Avoids legal/contract issues 8. Positive reflection of organisation 9. Corporate Social Responsibility 10. Supporting employability and development 11. Supporting local communities 	3 (3x1)	3 x synoptic marks linked to Unit 3 LO4
10	<p>Three marks from:</p> <ol style="list-style-type: none"> 1. breaching financial fair play in football 2. breaking salary caps 3. tax evasion/avoidance by players/clubs 4. unpublished payments to agents 5. illegal state aid provided to sports clubs 	3 (3x1)	More expansive answers with examples could be given
11	<p>Four marks from:</p> <ol style="list-style-type: none"> 1. Sales/Sponsorship Deals 2. Loans/bonds 3. Grants 4. Membership fees/Debentures/ 5. Philanthropic donations 6. Selling shares 7. Fundraising activities/events 	4 (4x1)	

12	Four marks from: <ol style="list-style-type: none"> 1. This Girl Can, 2. Living for Sport, 3. Kickz, 4. Sportivate 5. Great British Tennis Weekend 6. Swim 21 7. Chance to Shine 	4 (4x1)	4 x synoptic marks linked to Unit 3 LO4
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Section B

Question	Answer	Marks	Guidance
13	Five marks from: <ol style="list-style-type: none"> 1. Definition of Corporate Social Responsibility (CSR) 2. Seen as a way to meet social and community obligations 3. Improves organisation's reputation 4. Improved/positive corporate image 5. Can be used as a marketing tool/strategy/can increase commercial success 6. Reaching and engaging with more people (from across the entire social and demographic spectrum) 7. It is a regulatory requirement for many sports organisations 8. Can enable access to funding 9. It is the correct thing to do ethically 10. Consumers are increasingly focused on CSR issues 11. Sport is an effective CSR medium/sport reflects the values of CSR e.g. fair play, caring for community, inclusivity 12. CSR more part of the culture of sports organisations now than previously 	(5)	Definition of Corporate Social Responsibility (CSR) i.e. <ul style="list-style-type: none"> • an approach where the business considers the impact which its activity has on society and the environment and contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. • What CSR involves i.e. • community projects • adhering to laws and regulations • environmental and sustainability awareness • positive reputation of the organisation

Question	Answer	Marks	Guidance
14	<p>Five marks from:</p> <p>Importance to the sports organisation (sub max three marks)</p> <ol style="list-style-type: none"> 1. Increase in revenue/new revenue streams 2. New types of commercial relationship (e.g. official partners, naming rights for stadia) 3. Creates new job roles within organisations (e.g. Social Media Manager) 4. Increase exposure to a national/international/global audience 5. Increased fan base/reach 6. Enables global brand recognition (e.g. sponsoring a star athlete or elite club) <p>Importance to the fan (sub max three marks)</p> <ol style="list-style-type: none"> 7. Easier to see games/fixtures/events 8. More choice/variety (e.g. sportswear, live events, televised events) 9. Engagement with organisation/athlete (e.g. club TV channel, performer on social media) 10. Better facilities/stadia 11. Better/more affordable equipment 12. Sport is more fashionable (e.g. in terms of participation, spectatorship and products) 	(5)	
15	<p>Five marks from:</p> <ol style="list-style-type: none"> 1. Not for profit organisations 2. Exist to fulfil a specific social purpose (e.g. aim to increase participation/inclusion) 3. Normally set up as a charitable status 4. Self-fulfilment/giving something back to the community 5. Funded by membership fees, donations, sponsorship, 	(5)	

Question	Answer	Marks	Guidance
	loans and private investment 6. Target groups include local communities 7. Types of business include i.e. <ul style="list-style-type: none"> ▪ Community teams ▪ Charitable causes 		
16	Five marks from: <ol style="list-style-type: none"> 1. It is more costly to attract a new customer than it is to retain an existing one (e.g. initial costs of customer attraction) 2. Customer loyalty can improve reputation through word of mouth 3. Loyal customers are less likely to switch to competitors 4. Loyal customers are more likely to buy more 5. Loyal customers are less price sensitive 6. Customer retention gives you more predictability of income 7. Loyal customers and customer retention gives you more financial security 8. It makes the employees job easier as they know what customers want 9. Regular customers are less expensive to service due to familiarity with product/service 	(5)	

Section C

Question	Answer	Marks	Guidance
<p>17</p>	<p>(a) Football club</p> <p>Positives –</p> <ol style="list-style-type: none"> 1. finance for club, 2. maximising income – the best offer to the club? 3. preferential financing agreements for fans, 4. sponsorship leveraging (e.g. selling club products in The Money Shop) 5. Sponsor already visible in the local area as an employer/service 6. There is an existing relationship <p>Negatives –</p> <ol style="list-style-type: none"> 7. Upset a number of fans 8. association with ‘payday loan company’, 9. CSR – bad publicity, 10. Sponsor associated with exploitation, 11. ‘do not fit with the ethics of the football club’, 12. could put off other businesses/potential partners/sponsors from associating themselves with the club <p>The Sponsor</p> <p>Positives –</p> <ol style="list-style-type: none"> 13. improve image of organisation, 14. Good CSR for The Money Shop with the association with a well-known ‘traditional’ family orientated football club, 15. instant access to customer base, 16. publicity and exposure from shirt sponsorship (sales, media exposure), 	<p>(8)</p>	<p>Level 3 (7-8 marks)</p> <p>A comprehensive answer:</p> <ul style="list-style-type: none"> • 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. <p>Level 2 (4-6 marks)</p> <p>A competent answer:</p> <ul style="list-style-type: none"> • 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. <p>Level 1 (1-3 marks)</p> <p>A limited answer:</p> <ul style="list-style-type: none"> • 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

		<p>17. sponsorship leveraging and activation (e.g. having a presence at the club shop at the ground) * <i>see guidance column</i></p> <p>18. potential increase in revenue from deal –</p> <p>Negatives –</p> <p>19. negative exposure or bad PR</p> <p>20. financial cost of sponsorship deal,</p> <p>21. potential loss of custom from fans from ‘rival’ clubs.</p> <p>The Fans</p> <p>Positives –</p> <p>22. increase in income for their club to spend on new players,</p> <p>23. new facilities etc,</p> <p>24. preferential loan rates for members,</p> <p>Negatives –</p> <p>25. ethical association with organisation (not wanting to be seen supporting a club with a partnership with The Money Shop,</p> <p>26. some fans see themselves as the kind of people businesses like The Money Shop exploit</p> <p>27. a feeling that the club don’t understand the supporters</p>		<ul style="list-style-type: none"> • Technical and specialist vocabulary used with limited success • Written communication lacks fluency and there will be errors, some of which may be intrusive. <p>* <i>Sponsorship leveraging</i> - refers to how a sponsor uses the benefits they are allocated under the terms of a sponsorship agreement. Leveraging has been defined by Weeks, Cornwell and Drennan (2008) as "the act of using collateral marketing communications to exploit the commercial potential of the association between a sponsor and sponsee" while <i>activation</i> has been defined as those "communications that promote the engagement, involvement, or participation of the sponsorship audience with the sponsor."</p>
17	(b)	<p>Six marks from</p> <p>(‘Product’) Sales:</p> <ul style="list-style-type: none"> • Match tickets – sell more and/or increase prices • Season tickets – sell more and/or increase prices • Money for media coverage (e.g. TV, radio) • Promote and hold more Corporate events • Increase the costs of food and beverages at the ground • Merchandising - sell more and/or increase prices; increase range of products available; increase availability beyond 	(6)	

	<p>club shop</p> <p>Sponsorship and advertising:</p> <ul style="list-style-type: none"> • Sell naming rights of the ground/individual stands/sections • Player sponsorship • Match day sponsorships • Advertising hoardings <p>Sources of funding:</p> <ul style="list-style-type: none"> • Loans/bonds • Grants • Membership fees/Debentures • Philanthropic donations • Selling shares • Fundraising activities/events <p>Performance:</p> <ul style="list-style-type: none"> • Winning matches/competitions • Gaining promotion to higher division • Player transfers 		
18	<p>Six marks from:</p> <ul style="list-style-type: none"> • Charge the highest price for tickets, merchandise etc. regardless of minority groups (i.e. unemployed, OAPs, children) – demand/supply logic • Cut wages of employees – leads to dissatisfaction of workforce and potential high staff turnover rates • Reduced quality of customer service • Reduced quality of product/service • Lack of investment in facilities • CSR and Ethics are usually low on the list of priorities • Exploitation often used (fans and employees) • Transactional Marketing instead of Relationship Marketing • Short term gains but potential long term losses 	(6)	

		<ul style="list-style-type: none">• Fans not consulted in the product/service• Employees not consulted in the product/service• Customers see organisation as too money-focussed• Organisation seen as out of touch with customers/local community/fans		
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