OCR
Oxford Cambridge and RSA

Thursday 5 June 2025 – Morning

Level 3 Cambridge Technical in Sport and Physical Activity

05872 Unit 21: The business of sport

Time allowed: 1 hour 30 minutes
C404/2506

No extra materials are needed.

Please write clearly in black ink. **Do not write in the barcodes.**

Centre number						Candidate number				

First name(s) ____________________

Last name ____________________

Date of birth D D M M Y Y Y Y

INSTRUCTIONS

- Use black ink. You can use an HB pencil, but only for graphs and diagrams.
- Write your answer to each question in the space provided. If you need extra space use the lined page at the end of this booklet. The question numbers must be clearly shown.
- Answer **all** the questions.

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 questions marked with an asterisk (*).
- This document has **12** pages.

ADVICE

- Read each question carefully before you start your answer.

Section A

1 The sports industry is made up of many business sectors.

Which of the following is **not** a retail sports business?

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

Decathlon ☐

JD Sports ☐

Sky Sports ☐

Sports Direct ☐

[1]

2 Identify **two** ways in which a public sector leisure centre is funded.

1 ....

2 ....

[2]

3 Sports businesses are often involved in the delivery of sports development initiatives.

Identify **three** initiatives that aim to increase participation.

1 ....

2 ....

3 ....

[3]

4 Sports businesses have different characteristics depending on the type of business they are.

Complete the table and state **one** characteristic each for private and voluntary sector businesses. An example has been provided for you.

Sector	**Characteristic**
Public	Funded by local or national government
Private	
Voluntary	

[2]

5 Describe the features of the organisational structure of a typical local business, such as a sports shop.

....

....

....

....

....

....

....

.... **[4]**

6 Give **one** example of commercialisation in sport.

....

.... **[1]**

7 Identify **four** negative impacts of commercialisation in sport.

1 ....

2 ....

3 ....

4 ....
[4]

8 Identify **four** positive impacts of commercialisation in sport.

1 ....

2 ....

3 ....

4 ....
[4]

9 Identify **four** ways that funding received from Sport England could be used by a junior rugby team.

1 ....

2 ....

3 ....

4 ....
[4]

10 Describe **one** advantage and **one** disadvantage of using seasonal contracts for a sports business.

Advantage

....

....

Disadvantage

....

....
[2]

11 What does CSR stand for?

.... **[1]**

12 State **two** reasons why CSR is important to sport organisations.

1 ....

....

2 ....

....
[2]

Section B

13 Give **two** examples of **each** of the following types of corruption in sport:

Cheating:

Example 1 ....

Example 2 ....

Doping:

Example 1 ....

Example 2 ....

Match fixing:

Example 1 ....

Example 2 ....
[6]

14 Describe **four** potential impacts on a professional sports club if it breaks financial regulations.

1 ....

....

2 ....

....

3 ....

....

4 ....

....
[4]

15

(a) Volunteers are often used by sports businesses. Explain the term volunteer.

....

.... **[1]**

(b) Describe **four** advantages of using volunteers for a sports event.

1 ....

2 ....

3 ....

4 ....

[4]

16

(a) Many sports clubs rely on membership fees.

Explain the term membership fee.

....

.... **[1]**

(b) Describe **two** positive impacts and **two** negative impacts of having membership fees as the main source of funding for a local sports club.

Positives

1 ....

....

2 ....

....

Negatives

1 ....

....

2 ....

....

[4]

Section C

PulseFit+

PulseFit+ (PLC) is a fitness and exercise technology company which makes high-quality home fitness exercise equipment, such as bikes and treadmills. It also offers subscription-based services for live and on-demand fitness classes. PulseFit+ was one of the first companies to use interactive technology with fitness equipment in the home fitness market.

The equipment features interactive touchscreens that display real-time performance data to the user. This allows the user to interact with instructors, enhancing motivation and enjoyment. However, internet connectivity issues in certain regions can limit access.

The interactivity and high-quality content have gained popularity, in particular with people who prefer working out at home or lack access to traditional gyms.

PulseFit+ currently has over 2 million customers with an annual retention rate of more than 90%.

Main products and costs:

- **PulseFit+ Cycle**: An advanced exercise bike with a touchscreen display. Users can join live or on-demand cycling classes led by certified instructors, with interactive features for real-time engagement.
- **PulseFit+ Membership**: A subscription service providing access to a broad range of live and on-demand classes. Members pay a monthly fee for full access to the PulseFit+ platform.

Costs of main products:

- Cost to buy PulseFit+ Cycle: £1500
- Rental of a PulseFit+ Cycle: £150 per month
- PulseFit+ membership: £35 per month.

Comparison costs for other competing fitness activities:

- Average monthly private gym membership: £45
- Average monthly public sector gym membership: £24.

PulseFit+ encourages customer loyalty by offering incentives such as referral bonuses and fitness challenges. These include giving customers discounts when they refer friends to PulseFit+ and free periods of membership to those who successfully complete fitness challenges. These incentives help keep existing members loyal which has become more important with challenges such as cost-of-living increases and growing competition from other fitness providers.

Future aims of the business

The company wants to increase its customer numbers by 5% over the next three years. It estimates that around 10 million people in 5 million households currently own or rent exercise equipment such as bikes, treadmills and rowing machines in the UK. Quite a lot of these are likely to be older models without interactive technology.

17* Private sector businesses often aim to increase the number of people buying their products.

Analyse how PulseFit+ could use customer attraction and retention techniques to increase customer numbers.

Your answer should include:

- customer attraction and retention techniques PulseFit+ already use
- other customer attraction and retention techniques they could use
- examples of customer attraction and retention techniques that other sports businesses use.

[8]

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....

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....

....

18 Sports businesses try to retain their staff due to the benefits this can bring.

(a) Describe **two** benefits of retaining staff to PulseFit+ as a company.

1 ....

....

2 ....

....
[2]

(b) Describe **two** benefits of retaining staff to the **customers** of PulseFit+.

1 ....

....

2 ....

....
[2]

(c) Describe **two** different methods which PulseFit+ could use to retain their staff.

1 ....

....

2 ....

....
[2]

19 All sports businesses such as PulseFit+ have to be aware of the environment in which they operate. This often includes a SWOT and PEST analysis.

(a) Identify the **two** missing headings of a PEST analysis in the table below.

P .... environment	**E**conomic environment	**S**ocial and cultural environment	**T** .... environment

[2]

(b) Give **one** example for each category of the SWOT analysis for PulseFit+.

SWOT heading	Example for PulseFit+
Strengths	
Weaknesses	
Opportunities	
Threats	

[4]

END OF QUESTION PAPER

EXTRA ANSWER SPACE

If you need extra space use this lined page. You must write the question numbers clearly in the margin.