



FIFA WORLD CUP RUSSIA 2018 THE COURAGE TO CHALLENGE

A few days after the end of the World Cup, it is time to make a balance of the event, together with Mediaset, the official broadcaster in Italy, and to try and understand what it took to make a clear media success out of it - in spite of the initial skepticism. In the media and in communication, such as in sports, the results never come by chance, but only through a thorough preparation and the combination of well-planned factors.

BACKGROUND

The winter night after the unexpected defeat of the Italian national team at the hands of Sweden in the World Cup qualifier play-off, the first question coming to mind was "how much is a World Cup without their own national team worth to the Italian audience?"

For some it was worth little, it cost too much and definitely not enough to repay the investment. "We instead saw it as an opportunity - says Stefano Sala, CEO of Mediaset's advertising sales house Publitalia'80 - a World Cup with the Italian national team is normally a public service TV event. We thought however that even without Italy, the World Cup certainly remains the global event of greatest media interest, but with the advantage that

broadcasting rights were now on the market at a more accessible price. We realized that, with an adequate preparation and explanation to advertisers and investors, the costs could be covered by advertising sales, and the event represented a rational choice for advertisers. We knew that in the last 2 editions (2010-2014) the Italian national team never went past the group stage and its audiences only represented 5% of the total".

SIX MONTHS OF PREPARATION

The preparation of the event by Mediaset was the result of a "team play" involving editorial decision-making, editorial promotion, digital offer development and promotion of the offer on the investor market."

Starting from a press conference in December announcing the broadcasting rights acquisition and then throughout the Spring, the publisher promoted the event in an "organic" way within its existing football coverage of the Italian Serie A and Champions League matches, as well as within in-depth sports programming, and finally through self-promotion TV and radio campaigns all the way until the eve of the World Cup.

"The aim was to help Italians "overcoming the grief" of a World Cup without the Italian national team, and to realize that despite this fact, it still remained the most interesting global event of all - comments Matteo Cardani Marketing General Director of Publitalia'80 - We wanted to remind them that most top players of their Serie A favourite teams would still have featured in the World Cup, which would still have been an unmissable event for football fans. This is how we kept the hard-core of the audience in-tune with the event".



As shown in the graphs [graph 1 and 2] of the 3 research waves conducted by Publitalia in January, April and June, 3 Italians out of 4 considered the World Cup as "The Sport Event" of 2018. The editorial promotion on our media generated an uplift from 50% at the beginning of the year up to 74% on the eve of the event.

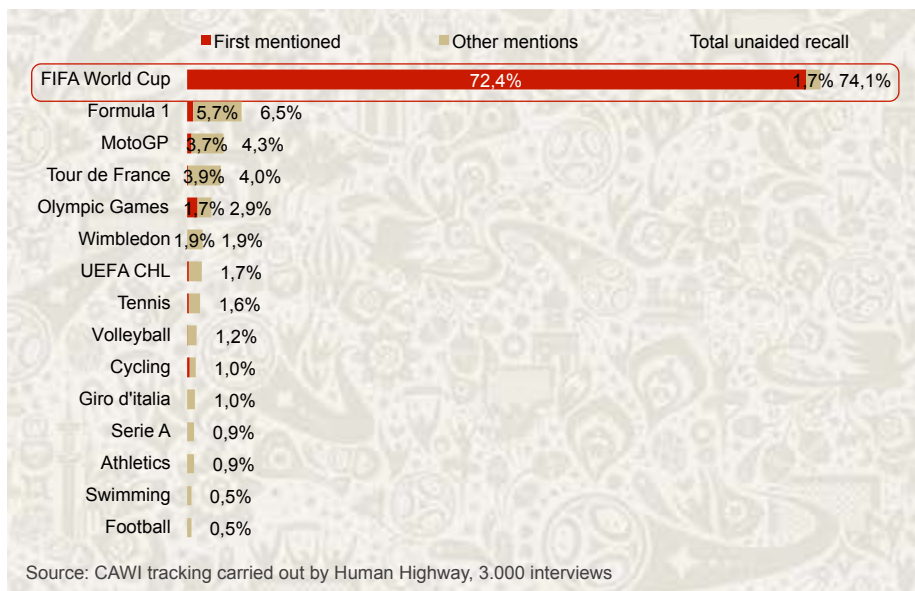
It is important to note that among the football fans target both awareness and intention to watch the event were in the region of 90% right before the event start.

When weighted against the total population, it meant 1 in 2 Italians were keen to follow the event on a regular basis.

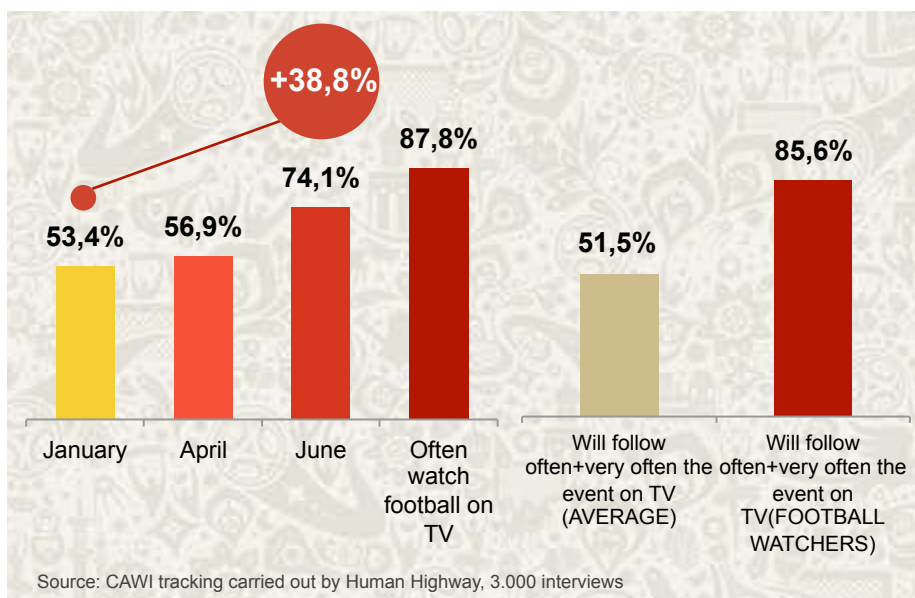
"We believe in marketing research and we continually commission researches for ourselves and for the companies that work with us - continues Matteo Cardani - and this was an encouraging preliminary figure, but many look at statements with skepticism and only ratings are what really matters in the end.

The first 4 days of the World Cup backed us up: in just 4 days and 11 games the above mentioned 50% of the population did actually tuned in... rising to 70% in the weekend when the knockout matches started. With the likes of Messi, Ronaldo and Iniesta on the pitch... the audiences took a further boost".

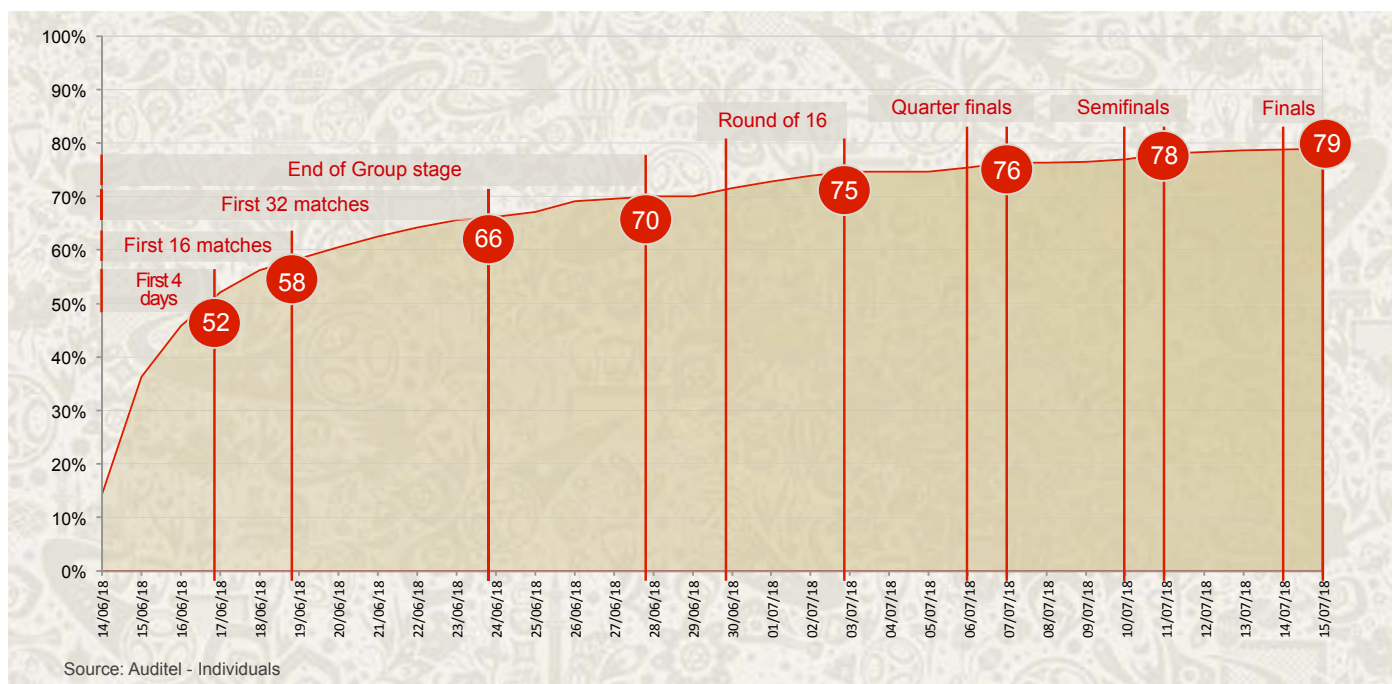
WORLD CUP: AN EXTREMELY ATTRACTIVE GLOBAL EVENT (Chart 1)



AWARENESS AND INTENTION TO WATCH THE WORLD CUP, ON THE EVE OF THE EVENT (Chart 2)



LIVE MATCHES - REACH TREND



WINNING THE AUDIENCE CHALLENGE

"We started to meet with advertising investors 6 months ahead of the event - recalls Matteo Sordo, Customers General Director of Publitalia'80 - and we pledged to them that this would have been be the FIFA World Cup with the highest audience of the last 20 years.

This rational promise has been developed into an ambitious commercial offer - we asked advertisers to plan the whole event - with reserved positions around

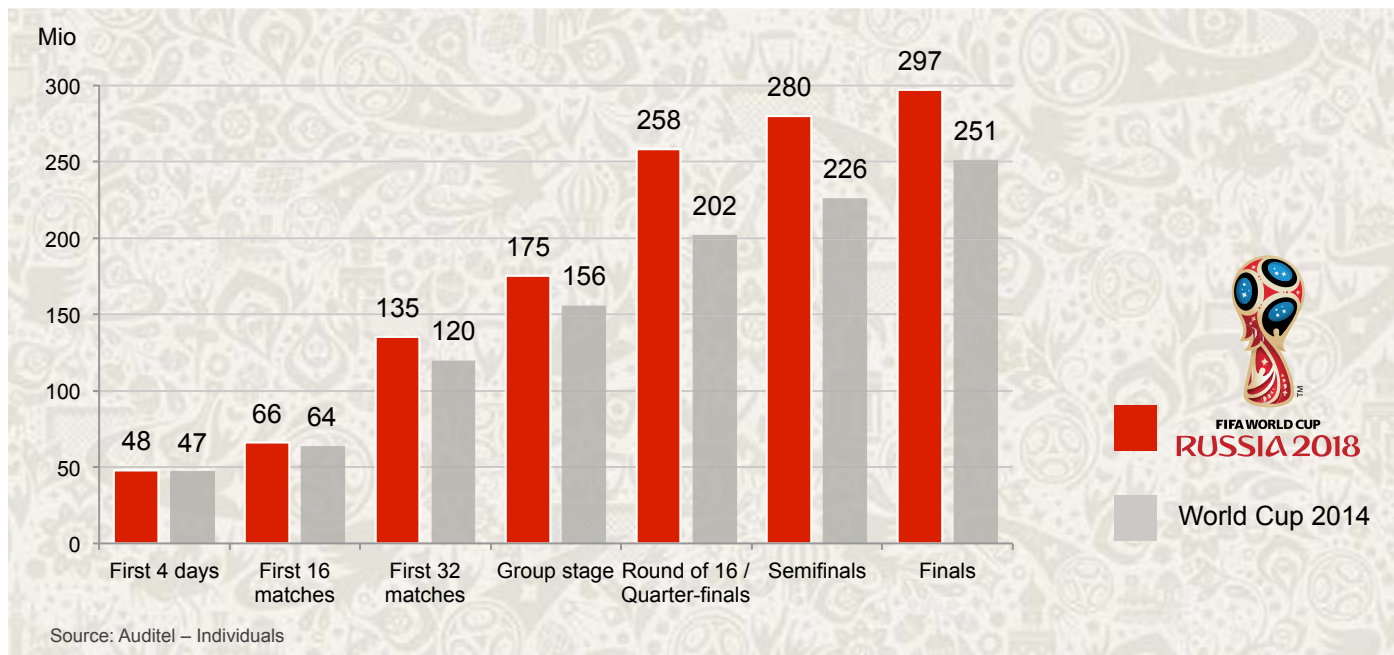
64 games, 120 when simulcast is also considered, all free-to-air. Over 80 companies have agreed to our integral approach".

"In this coordinated approach to the market it was important to share our audience estimation criteria with media agencies - added Customers and Agencies General Director Nicola Lusana - to make them well aware of the audience potential of a World Cup aired free-to-air on 4 national channels.

Top-tier group stage matches and knock-out stage matches were aired on flagship channel Canale5, while the bulk of the group stage matches was on Italia1, Mediaset Extra provided an always-on coverage and parallel matches were aired on channel 20".

The audience challenge has been clearly won throughout all phases of the tournament, as shown by the graph below.

TOTAL CUMULATED AMR



We are very satisfied as the estimates made 6 months ago have been confirmed by actual figures, despite the fact that sport events are subject to higher than average audience swings and are harder to predict.

The fact that we could deliver what we promised in terms of audience was a first certain element of return of investment for advertisers.

TEAM PLAY AND THE EDITORIAL STORYTELLING OF THE EVENT

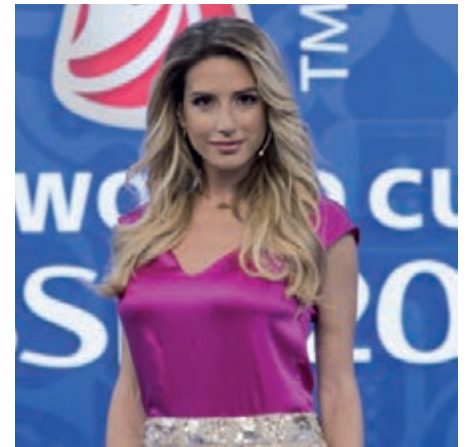
On the pitch, the Russian World Cup certainly saw team play prevailing over individuals.

The same principle is at the heart of our audience success: starting from a rational scheduling of the 120 live events across 4 national channels (which generated a remarkable daytime exploit for Italia1, already forecast 6 months in advance), and adding to it the experience and expertise of the Mediaset sports editorial team, led by Alberto Brandi and featuring heavy-weight commentators and pundits such as Sandro Piccinini, Pierluigi Pardo, Massimo Callegari and Fabrizio Ferrero.

Besides live matches, a key boost had



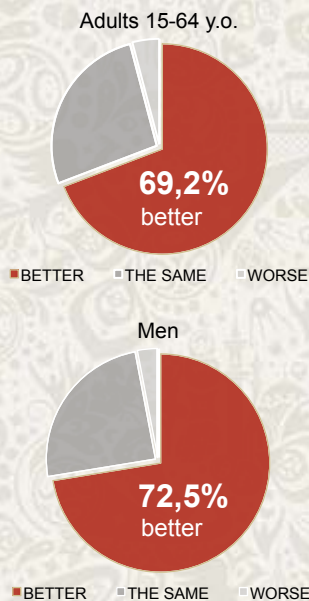
been brought by in-depth analysis sports programming (featuring rising star Giorgia Rossi and Pierluigi Pardo's Tiki Taka Russia, a format which drew big audiences).



According to a post-event research the audience enjoyed Mediaset's storytelling of the event, giving it very high marks.

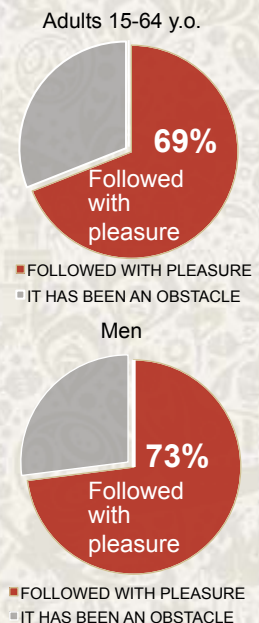
THE BEST WORLD CUP EVER!

Compared to previous editions of the World Cup, as to the way it has been broadcast, do you think this World Cup has been:



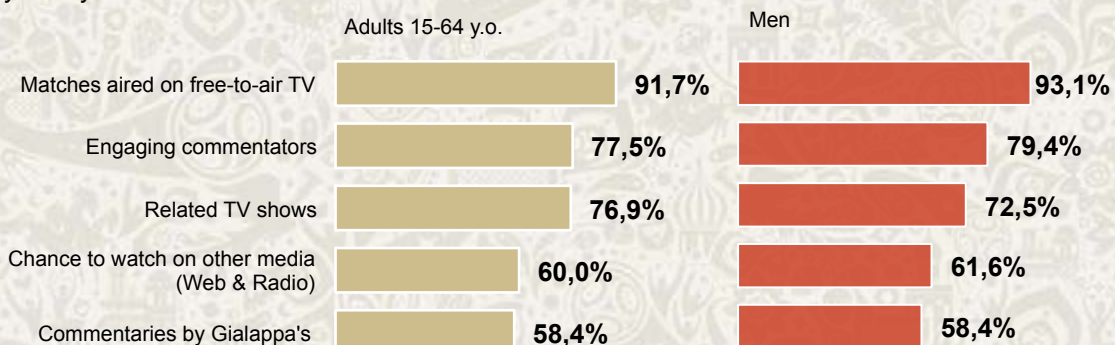
ITALY NOT PLAYING: SURELY SOMETHING TO REGRET, YET NOT AN OBSTACLE TO WATCHING «GREAT FOOTBALL»

Italy has not played at this World Cup. Have you followed the event with pleasure anyway or has the absence of Italy been an obstacle to watching the World Cup?



WHAT IN PARTICULAR HAVE YOU LIKED ABOUT WORLD CUP RUSSIA?

Extremely + Very Much



Base 1.000 interviews - Marketing Research Publitalia '80 in partnership with Open Mind

MEDIA TEAM PLAY: TV, RADIO AND DIGITAL. A TOTAL AUDIENCE WORLD CUP

Another key feature of the World Cup on Mediaset was certainly the possibility for the audience to follow the event via all media and all devices: TV & connected TV, web & mobile apps and, last but not least, radio.

For a World Cup with loads of daytime matches it was crucial to offer viewers an ATAWAD offer: anytime, anywhere, any device. And so it has been - alongside 120 live events on 4 national TV channels and a 24/7 follow-up of the event on Mediaset Extra and Premium Sport, Mediaset deeply renewed its digital offering with the new Sport Mediaset and Mediaset FIFA World Cup apps, allowing for live streaming and catch-up (highlights, clips, extra contents) of the whole event, with the possibility for the viewer to watch and review the most important moments from up to 16 different perspective thanks to the "multicam" feature.

During the World Cup, the new online video app Mediaset Play launched on both the first screen (connected TV) and the second screen on smartphone, tablet, as well as on desktop - combining therefore an enhanced TV experience with the mobile fruition of the event.

Finally, Radio 105 contributed with dedicated programming, reportages and live audio simulcast with alternative commentary by popular comedy Trio Gialappa's Band.

A massive editorial and technological endeavor, never put in place by a broadcaster for a FIFA World Cup before. This can be seen as the concretization of what Alberto Brandi and Pierluigi Pardo announced at the beginning of 2018 to agencies and advertisers: "when Mediaset takes over the production of a sporting event (be it the Giro d'Italia, Champions League, or the World Cup), it takes it to the next level and raises the bar for the competition".

This effort has been rewarded by the total daily audience and total cumulated audience of the event.

"While we wait for the official Total Audience single currency which official metering panel Auditel should start publishing in a few weeks - says

Matteo Cardani, who is also a member of the Auditel board - we decided to estimate the total audience of the World Cup using our own approach (as some broadcasters around the World already did for big sporting events, including NBC Universal in the US and Discovery for the 2018 Winter Olympics).

We established rational guidelines to combine different audience data sources:

Auditel linear TV data and digital census data.

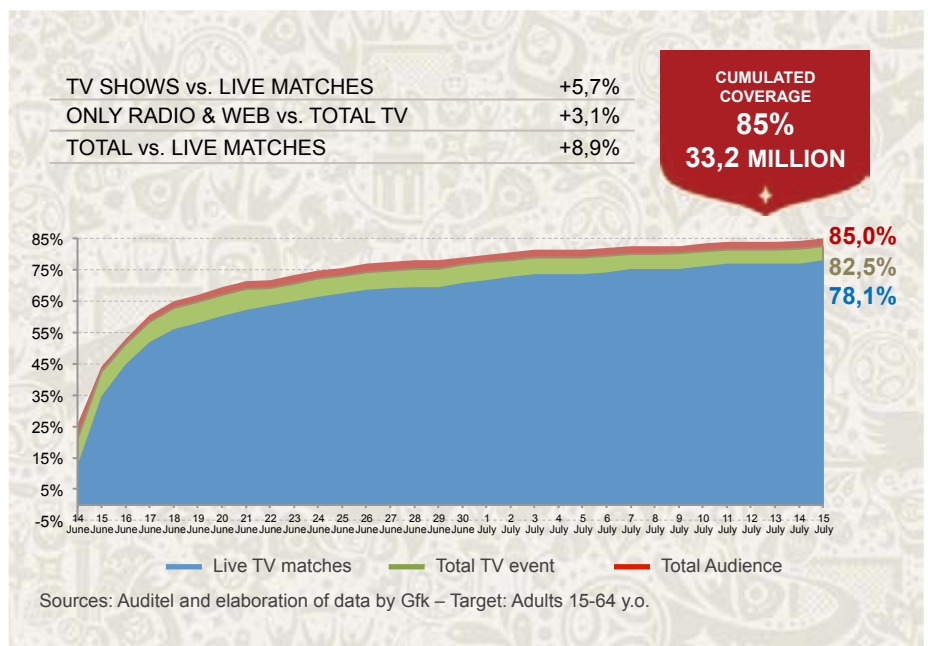
Overlaps have then been removed via daily panel interviews measuring the audience of each match, as well as via the passive measuring of GfK, which taps into people meter's data of the panelists".

All the above has allowed us to calculate the Total Audience of the event from 4 different perspectives.



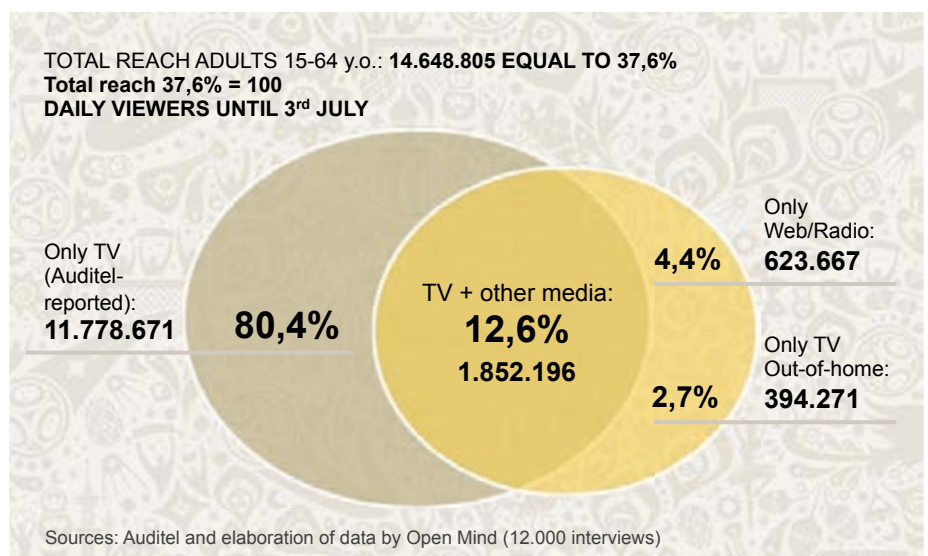
1. The dynamic day after day building of the total reach of the event and the contribution of live matches, related in-depth and entertainment TV coverage and the additional exclusive contribution of radio and digital.

TOTAL AUDIENCE



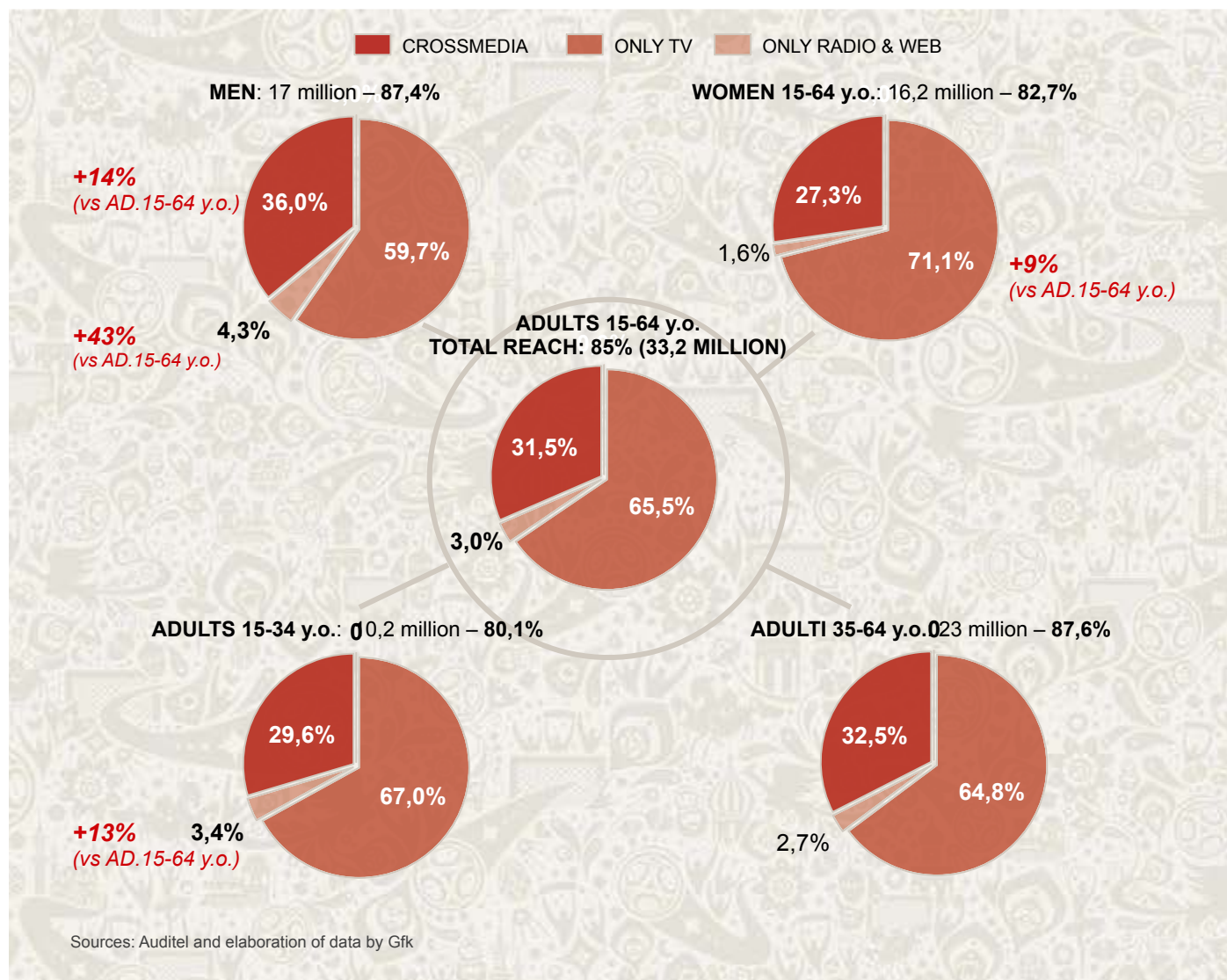
2. The audience composition among exclusive linear TV viewers, cross media audience, and the contribution of exclusive radio listeners and digital users.

EXCLUSIVE VIEWERS AND CROSSMEDIA VIEWERS ON AN AVERAGE DAY OF THE WORLD CUP



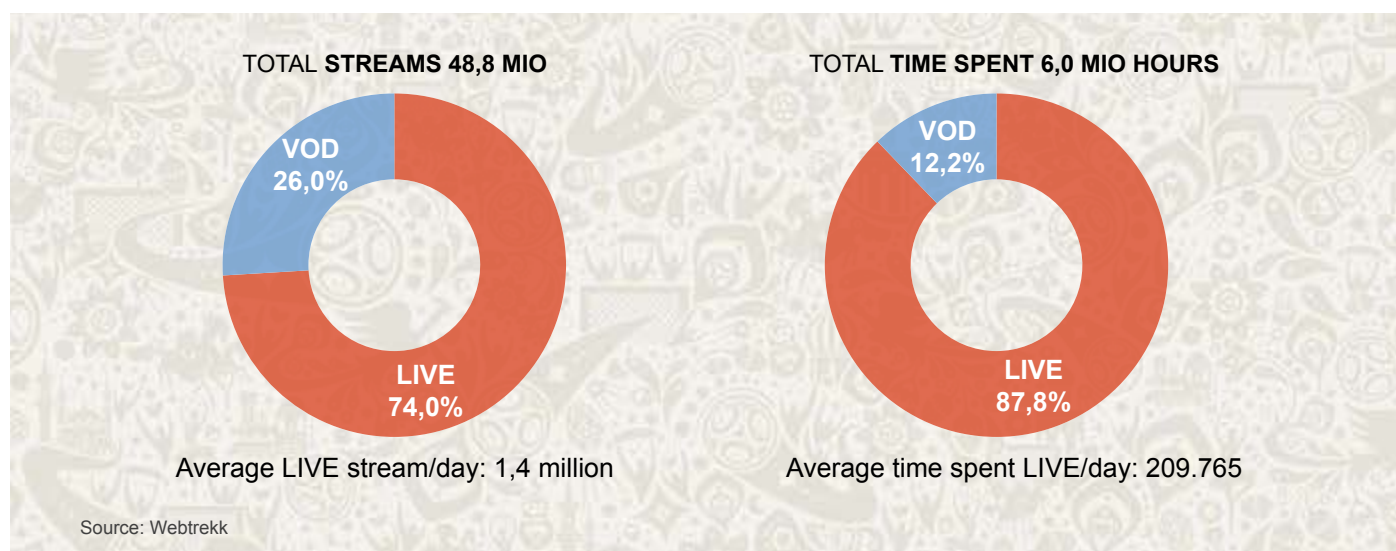
3. Fruition choices by the different targets: an event that has developed over 80% of total coverage has reached everyone - adults, millennials, men and women - but in different ways: each target has chosen "its own media recipe" to enjoy the event.

WORLD CUP: CROSSMEDIA CONSUMPTION STYLES



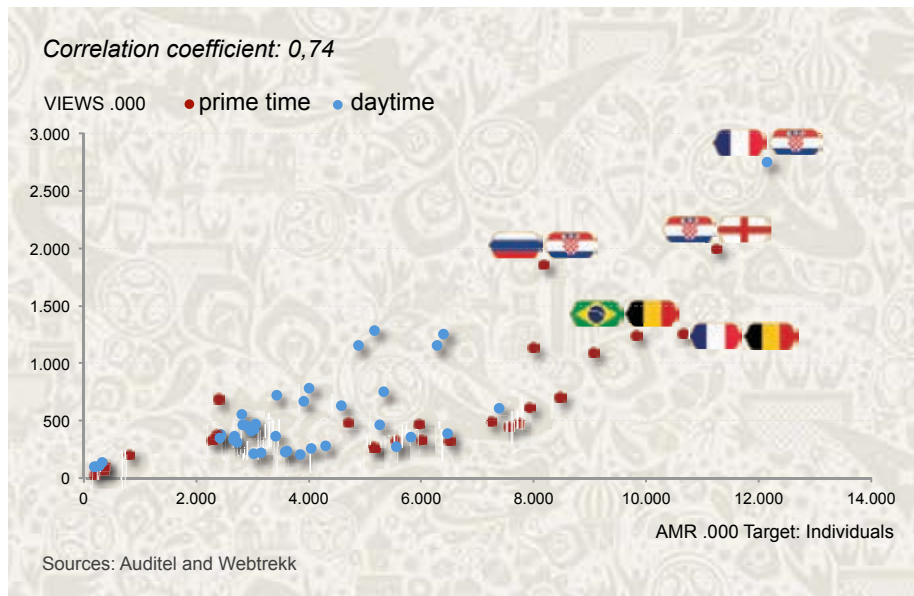
4. The importance of the second screen in addition to the centrality of the first screen: during over 4 weeks of World Cup, 49 million videos were viewed on the Mediaset websites and apps. An average of 1.4 million live streams per day, 74% of which were live matches, while 26% were video on demand. 6 million hours of additional video on top of the first screen, a daily average of 210,000, increasing as the competition progressed to the final stages.

WORLD CUP: STREAM VIEWS & TIME SPENT



Very interesting to note is the correlation between first and second screen audience of the live event - as shown in the graph: as one grows, the other also grows, showing how content and technology can make of first and second screen interaction a “positive sum game”.

WORLD CUP: 2ND SCREEN STREAM VIEWS & FIRST SCREEN AMR



WORLD CUP ON MEDIASET: ROI FOR BOTH ADVERTISERS AND PUBLISHER.

“Now that the World Cup is over, can we make an economic assessment of the return on investment? “Of course - answers CEO Stefano Sala - but first of all I would like to start from the return on investment for our advertisers, the over 80 companies that have invested throughout the event, a number that rises to 150 if we also consider the companies that joined us half-way into the event, attracted by its success. Our first success is to have kept our promise: estimating audiences of an event with no likes is no easy task, but it was important and it was properly done, as it was confirmed by the actual results - this was the first promise we kept.

On this basis we built a commercial offer that allowed to allocate a specific position to each advertiser, throughout the whole event. This has helped us to approach the market with a straightforward and innovative proposition.

This choice has paid, both before the event in terms of advertising revenues and after in terms of results for brands: we measured the spontaneous recall of the brands who advertised within live matches and the results are above all benchmarks - a top event that has raised the top of mind awareness of those who believed in it “. Last but not least is the return for the Mediaset group: “As already announced by Piersilvio Berlusconi two weeks ago on the occasion of the presentation of

the Autumn programming, this is the first sporting event that managed to repay the rights with advertising alone, a source of satisfaction and pride for the entire Mediaset group “.

WHAT'S NEXT? SPORT ON MEDIASET BEYOND THE WORLD CUP

A question that many have asked Stefano Sala is what will happen for Mediaset after the World Cup with regards to sport broadcasting rights.

“I would simply say that the story continues, a success story started 38 years ago with the Mundialito. On the day of the World Cup Final we announced the agreement with Perform under which Mediaset Premium Pay TV subscribers will be able to access the DAZN platform offer (114 Serie A matches and the full Serie B). Then, as far as the free-to air core business is concerned, our vision is clear - a great publisher cannot avoid dealing with sporting events, using a realistic approach, and seeking to acquire the rights where they can be contested and repaid - as it has happened with the World Cup.

This is our approach, an approach that “pays back” both with big scale events such as the World Cup and with extremely appealing events to specific industries such as Formula E, which allows us to work very well with the automotive sector. In the meantime - even before the World Cup ended - we defined the purchase of the free-to-air rights of the first-pick matches of the UEFA Nations League and of the qualifying matches for the upcoming Euro and World Cups, from 2018 to 2021 - 40 games among the best European national teams, the same ones that were the great protagonists of the World Cup just ended. We will begin to broadcast the first 6 matches in September, October and November this year, riding the positive wave of the World Cup, a global event that Mediaset has been able to reinterpret in a total and unique way”.

UNAIDED RECALL OF ADVERTISED BRANDS

