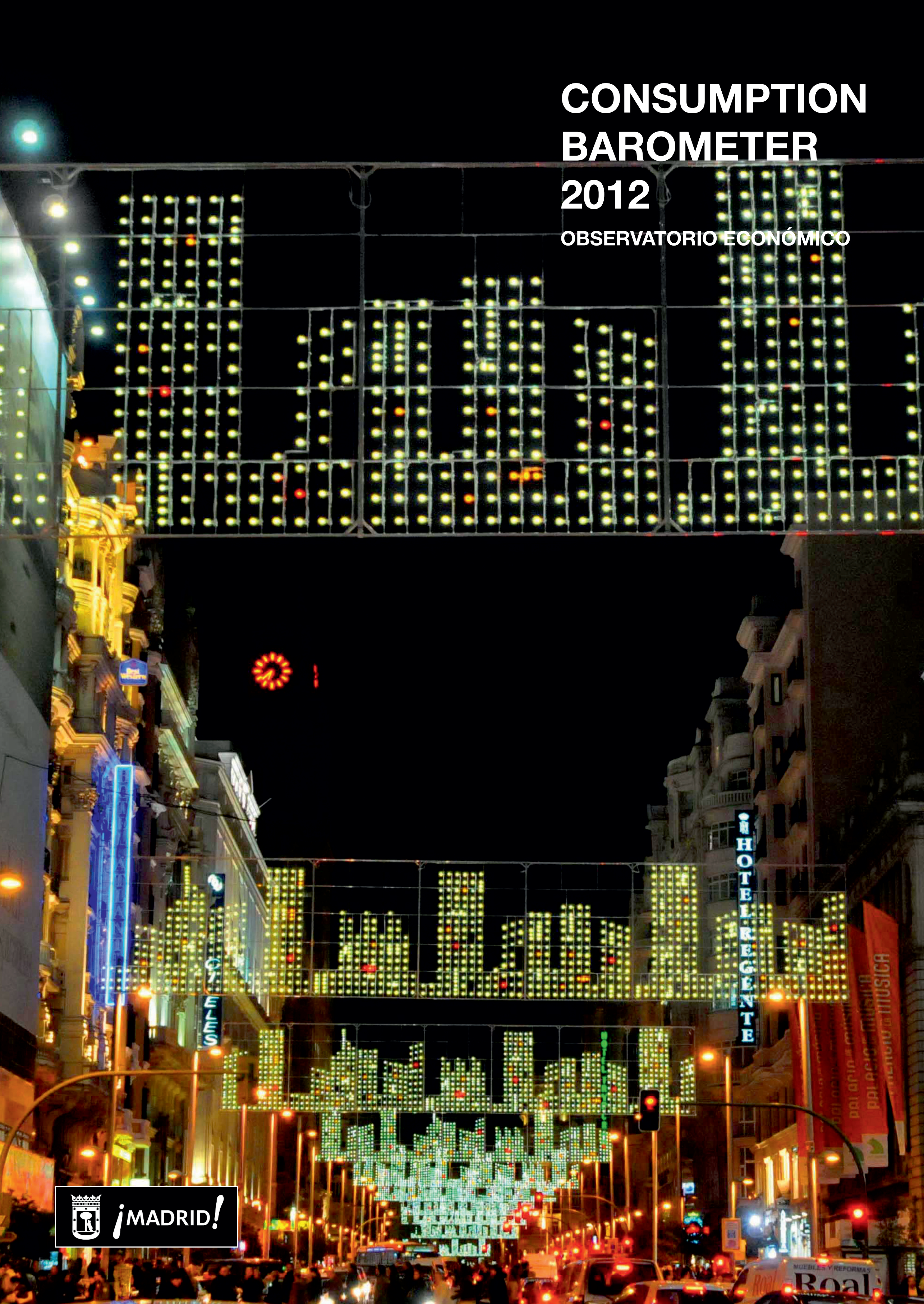
CONSUMPTION BAROMETER 2012

OBSERVATORIO ECONÓMICO



¡MADRID!

CONSUMPTION BAROMETER 2012

OBSERVATORIO ECONÓMICO

¡MADRID!
ÁREA DE GOBIERNO
DE ECONOMÍA, EMPLEO Y
PARTICIPACIÓN CIUDADANA

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FOREWORD

The city of Madrid, with its 3,249,000 inhabitants as per January 1, 2011, ranks second among European cities, only after Berlin, and it is the heart of the third largest conurbation in Europe, after Île-de-France and Greater London, thus becoming a centre of consumption of the first order.

By monitoring the consumption in Madrid households, the Consumption Barometer of the City of Madrid, issued every four months, allows for an objective knowledge of the mood of the people, while aiming at understanding the reasons for its variations in time.

The Madrid Consumer Confidence Index provides a quick reading of the state of affairs. In addition, the information made available though the data on which the index is based provides the means to delve into issues that are not directly shown.

The evolution of the index during the year shows that the citizens' appraisal of the economic situation is getting worse. Poor economic figures, along with their own ordeal or that of people near them, have led citizens to assessments that reflect neither optimism nor hope. Throughout 2012, the Consumer Confidence Index fell from 27.8 in the first four-month period to 20.5 in the third, reaching its lowest level since the crisis began.

This regular evaluation performed each four-month period is supplemented with various monographs that explore in greater depth topics of interest with regard to consumption: the trips made by the people of Madrid during the periods of Easter, summer and Christmas, along with monographs devoted to the study of aspects such as consumer satisfaction with the domestic energy supply services, consumption habits and mobility, have been the chosen topics, and the main results are shown in the following pages.

This document provides an overview of the results of 2012, of the evolution of those variables subject to research, and of other study topics treated here.

December 2012

1. THE PREVAILING ECONOMIC CLIMATE

The Consumption Barometer aims, among other goals, to monitor every four months the degree of optimism in the homes of Madrid, reflected on the way the householders appraise their current situation when compared with the recent past and near future. This same process of appraisal is performed by the household members with respect to the national economy.

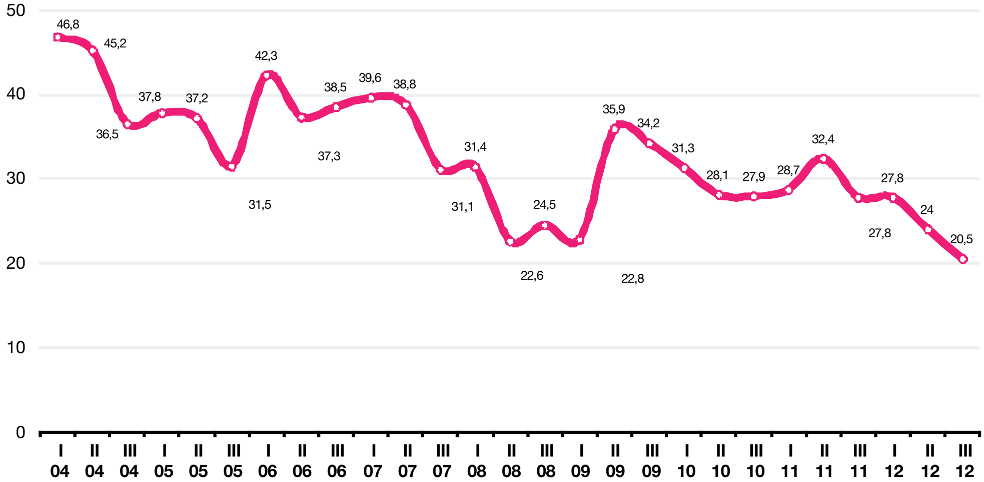
1.1 Consumer Confidence in Madrid

A snapshot of consumer confidence in Madrid is taken every four months by comparing the perception that the Madrid homes have of the economic situation – both at household and national level – with that from the previous year,, on the one hand, and on the other hand with their economic prospects for the next four months (again at household and national level). Finally, the index is complemented with the households' appraisal of whether the time is the right one for acquiring durable goods. All this is summarized in the Madrid Consumer Confidence Index.

1.1.1 Madrid Consumer Confidence Index (MCCI)

The Madrid Consumer Confidence Index (MCCI) is calculated by assessing, every quadrimester, the above items, thus gauging the current prevailing mood of consumers.

Evolution of the Madrid Consumer Confidence Index



Source: ECCM. 2004-2012. Department of Economy, Employment, and Citizen Participation, Madrid City Council.

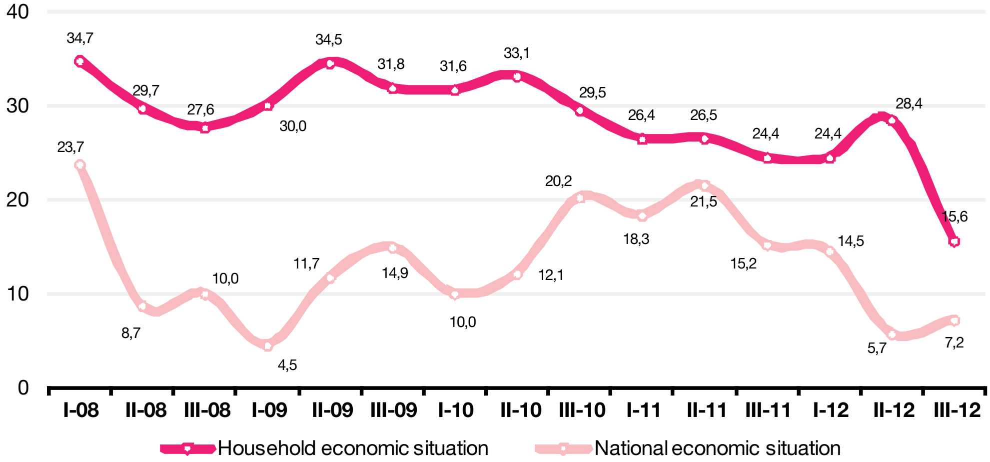
Throughout the year 2012 the Consumer Confidence Index has fallen from 27.8 in the first quadrimester to 20.5 in the third quadrimester, reaching its lowest level since the beginning of the crisis.

The evolution of the index during the year shows that the citizens' overall assessment of the economy is getting worse and worse. Poor economic figures, along with their own bad experiences or those of people near them have led consumers to opinions and feelings which are not of optimism and hope.

1.1.2 Index of consumers' appraisal of the present situation for household and national economies over the last year

Analyzing the index components concerning the household and national economic situation with respect to that of last year's, the following chart illustrates their evolution since the beginning of the crisis.

Present situation index trend



Source: ECCM. 2008-2011. Department of Economy, Employment, and Citizen Participation, Madrid City Council.

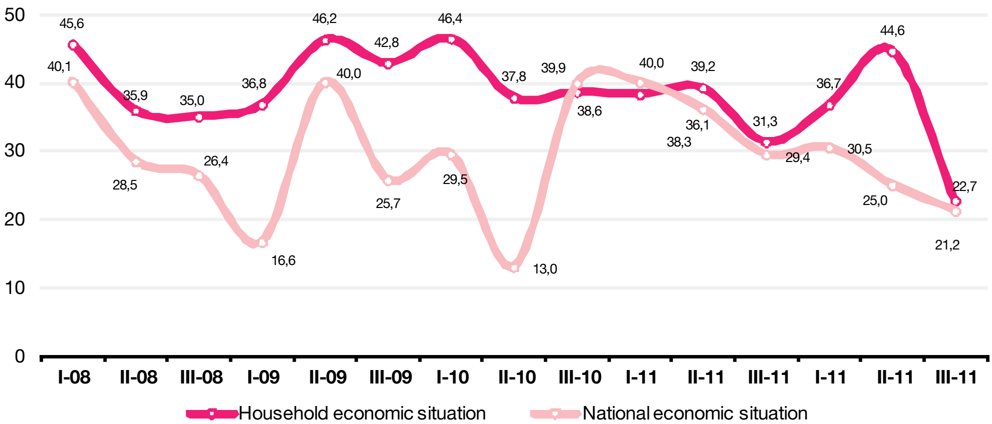
In the first months of 2012 the index of consumer appraisal of the household economic situation remained at the same level as in the previous quadrimester. However, the index dropped substantially in the last four months of 2012, reaching its lowest level since 2008 and losing 8.8 points with respect to the same period in 2011. The increasing number of families experiencing an ordeal under the shadow of unemployment, job instability or salary cuts has contributed to the sharp fall of the index.

As for the index of appraisal of the national economic situation in 2012, it has decreased substantially, particularly in the second quadrimester of the year. The last four months of 2012 have witnessed a slight recovery of this index, which closed the year with a decrease of 8 points with respect to the last quadrimester of 2011. The appraisal of the current national economic situation is clearly more negative than that concerning the households, although there is an ongoing narrowing of the gap between both indexes, resulting in that the distance has decreased from 25.5 points in the first quadrimester of 2009 to 8.4 points in the last quadrimester of 2012.

1.1.3 Index of consumer expectations about the economic situation for the coming months at household and national level

Households' assessments on their expectations about the coming future are a mix of mood, opinion and real economic prospects. And even though these refer to realities at different levels, it is quite normal that they exert influence on each other.

Evolution of the Indexes of Expectations



Source: ECCM. 2008-2012. Department of Economy, Employment, and Citizen Participation, Madrid City Council.

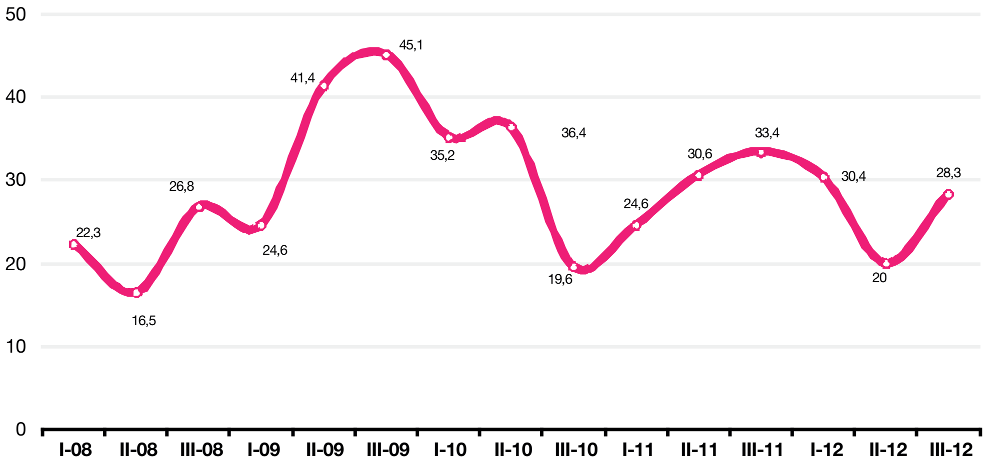
The expectations about the household economic situation have deteriorated in the third quadrimester of 2012, falling sharply by 21.9 points with respect to the previous period, and 8.6 points with respect to the same quadrimester in 2011, thus dragging the index below a baseline that had been maintained for several quadrimesters.

On the other hand, the expectations about the national economic situation during 2012 have undergone a parallel process, with the related index falling by 8.2 points over just one year, clearly reflecting the uncertainty that has taken hold of the public opinion regarding the near future of the national economy.

1.1.4 Index of consumer appraisal of whether making large purchases suits the present time

The last component of Madrid Consumer Confidence Index is a consumer assessment on whether the present time is the right one to acquire durable goods.

Evolution of the index of consumer appraisal of whether making large domestic purchases suits the present time



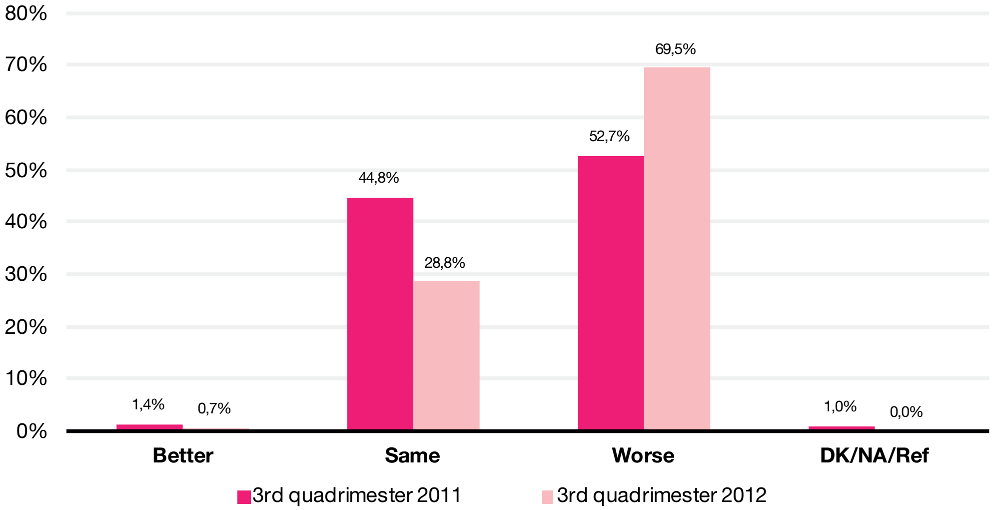
Source: ECCM. 2008-2012. Department of Economy, Employment, and Citizen Participation, Madrid City Council.

The index of consumer appraisal of whether making large domestic purchases is suitable at present has maintained a similar level to the one seen for the last quadrimesters. Ups and downs also emerge: for instance, the index fell by 10.4 points in the second quadrimester, to later gain 8.3 points in the last period. There are still a great deal of Madrid citizens that are aware that objective data suggests the present time is not bad for making purchases, particularly due to price containment, if not substantial price drops. Nevertheless, the difficulties in getting access to credit and the growing distrust in the future render the consumption of this kind of goods unreachable to the households' spending capacity.

1.2 Comparison of figures between the third quadrimesters of 2011 and 2012

In order to better understand the above index components, the following table shows the data used to calculate them, i.e. the compared results of the last quadrimesters of 2011 and 2012.

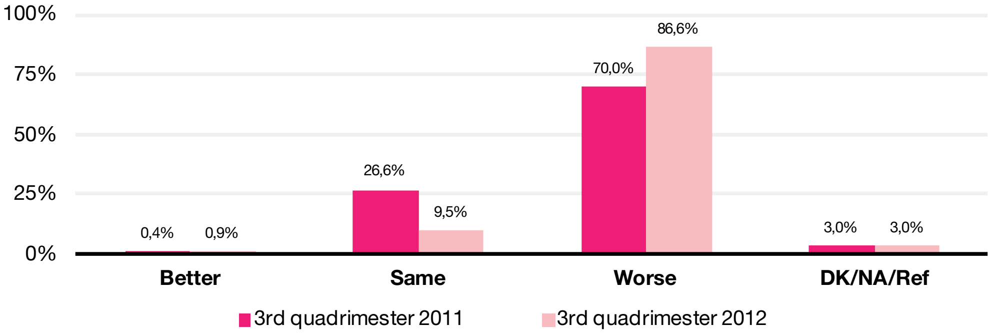
Evolution of consumer appraisal of the household economic situation, compared to the previous year



Source: ECCM. Third quadrimester, 2011 and 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council

The image that households in Madrid have of their own economy has worsened substantially in the last four months of 2012 with respect to the same period of 2011. Already then there was a majority of people (52.7%) that thought that their situation had deteriorated when compared to that of the previous year, and now that figure has increased to 69.5%. As for the percentage of households where the view is that their situation has improved over the last years, it remains at marginal levels and steadily declining.

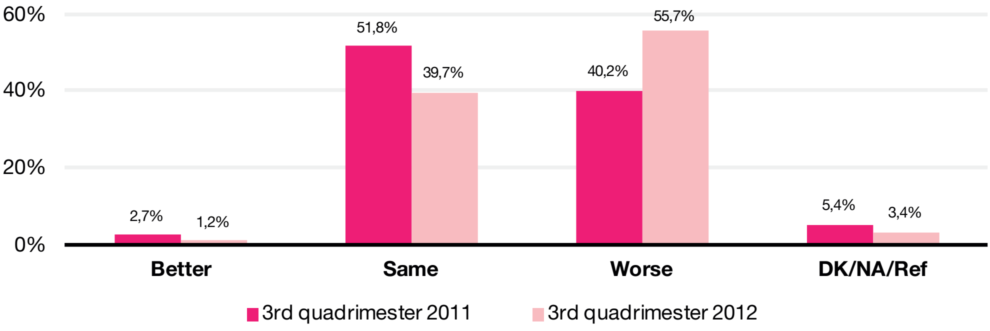
Evolution of consumers' appraisal of the economic national situation as compared to one year ago



Source: ECCM. Third quadrimester, 2011 and 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council

Regarding the views that consumers in Madrid have on the issue of the national economy, these have worsened even more than they already had in 2011. Indeed, in the last quadrimester of that year as many as 70% of the people stated that the economic situation had deteriorated when compared to that of the previous year; in the same quadrimester of the present year, this percentage has increased to 86.6%. All this is a reflection of the state of opinion regarding the national economy that has taken hold of many citizens.

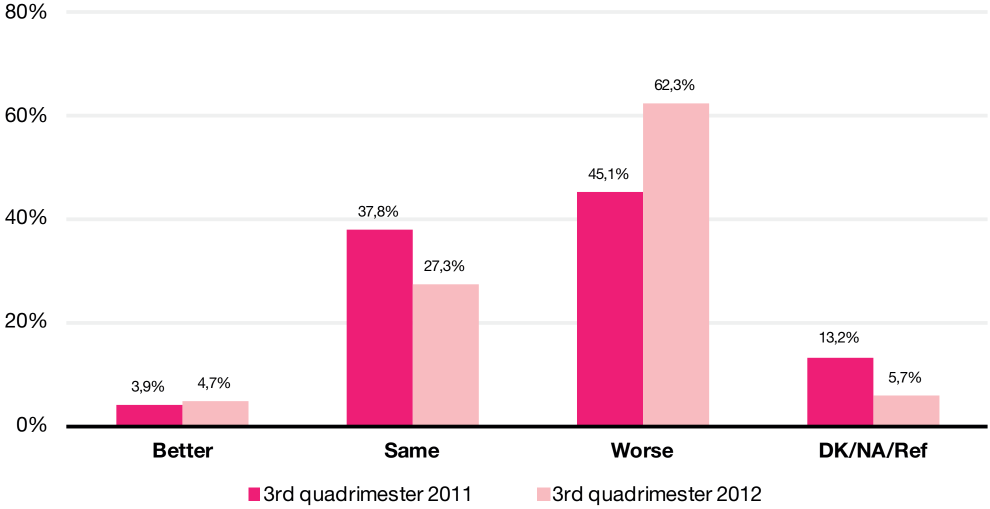
Evolution of consumers' expectations about their household economic situation in the next four months



Source: ECCM. Third quadrimester, 2011 and 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council

A year ago there was still a majority of households (51.8%) where the economic situation was expected to remain the same for the next four months. However, in the third quadrimester of 2012 the number of households that expect their situation to get worse has already taken the lead, becoming now a majority (55.7%). This evolution confirms the fact that an increasing number of families are now internalizing the short-term economic obstacles.

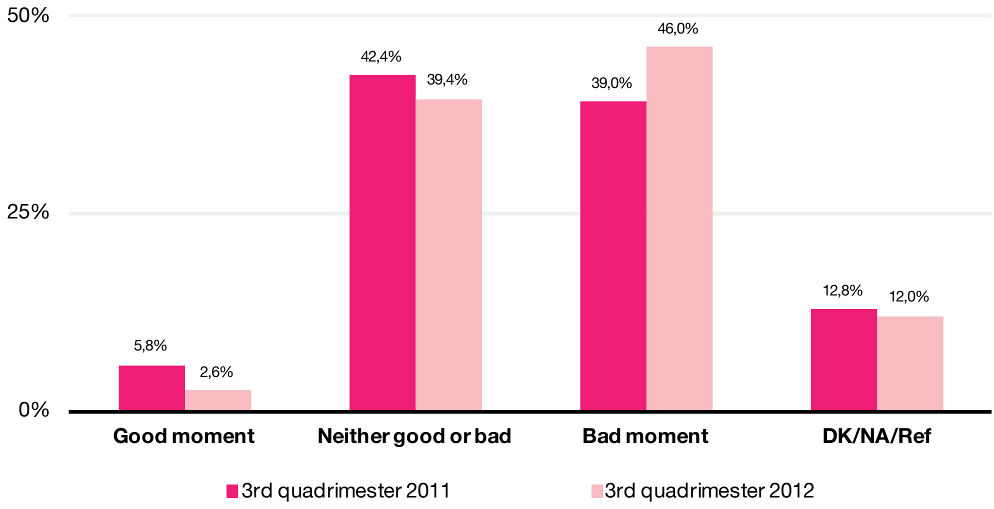
Evolution of consumer expectations about the national economic situation in the next four months



Source: ECCM. Third quadrimester, 2011 and 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The expectations that households in Madrid have about the national economy for the coming quadrimester are not any better. The people that expect the national economy to get worse in the next four months have already become a majority (62.3%).

Evolution of consumer appraisal of whether making large domestic purchases suits the present time



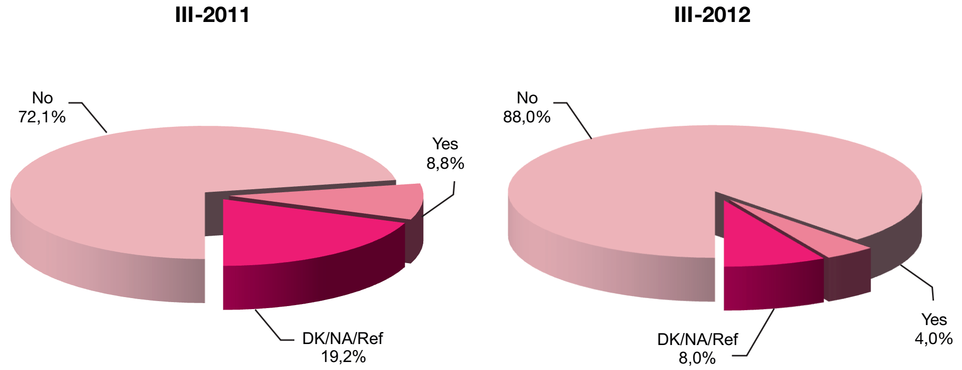
Source: ECCM. Second quadrimester, 2011 and 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The households' appraisal of the issue of whether the present moment is the right time to acquire durable goods has worsened over the last year: in the third quadrimester of 2011, 39% of consumers thought it was a bad time to embark on the purchase of this type of goods; the same period of 2012 has seen an increase of this percentage to 46.0%. Even though it is widely accepted that the current conditions are not the worse to acquire durable goods, very few consumers (2.6%) regard the present circumstances as being favorable.

1.3 Difficulties to make ends meet and household savings

There are two issues that speak for themselves about the household economic situation: the attitude of its members towards saving and their struggle to make ends meet.

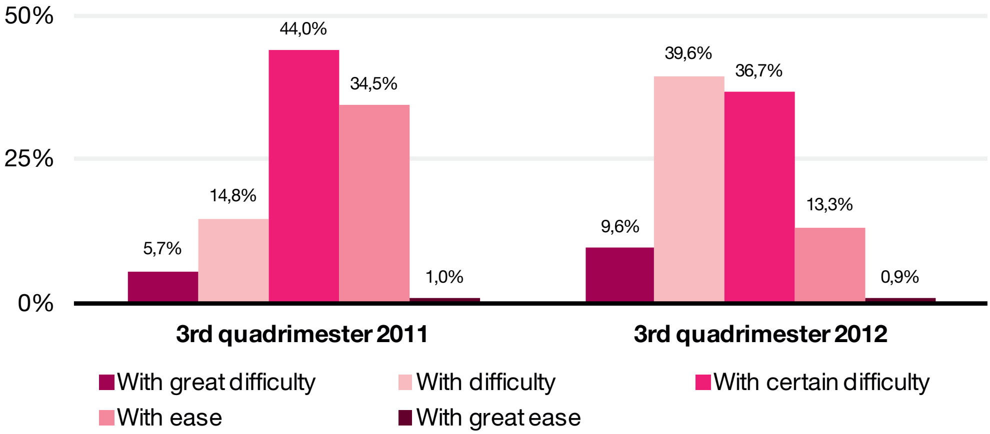
Percentage of households that save



Source: ECCM. Third quadrimester, 2011 and 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The percentage of saving homes in the third quadrimester has decreased by 4.8 points as compared to the same period of the previous year, once again reflecting the decline of many household economies.

Percentage of households by level of difficulties to make ends meet



Source: ECCM. Third quadrimester, 2011 and 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

Regarding the difficulties to make ends meet, it is worth noting that, in contrast with the 20.5% of consumers that a year ago stated they found it difficult or very difficult to make ends meet, the percentage has now increased to 49.2%, a very significant figure that draws our attention on the ever increasing impact of the economic crisis.

Also, 44.0% of the households at the end of 2011 found it somewhat difficult to make ends meet, a percentage that has now decreased to 36.7%. These are households that are forced to restrain their consumption by applying adjustment policies in their domestic economy, due to a wages cuts, rising prices for particular goods and services, or very negative prospects for the coming future.

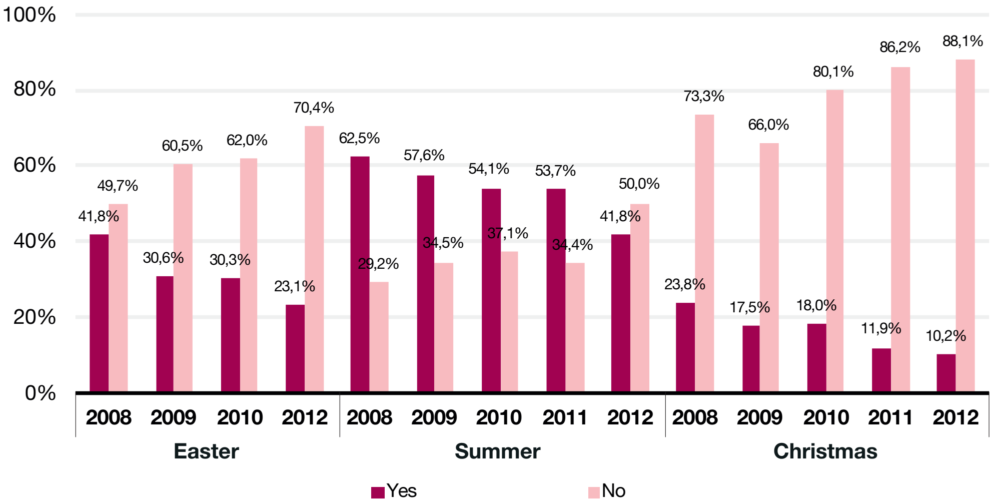
Finally, in contrast with the 35% of people who found it easy or very easy to make ends meet, this figure fell to 14.2% in 2012. Ultimately, it is all social classes that are affected by the economic situation, although each class displays a different set of problems.

2. TODAY'S PROSPECTS

This section deals with travelling prospects in the Madrid households for each of the three yearly holiday periods: Easter, summer and Christmas.

Although readiness to travel does usually reflect a certain state of mind within the household regarding consumption, it is also true that there are significant economic differences between different kinds of trips.

Percentage of households that had trip prospects for summer or Christmas (2008-2012)

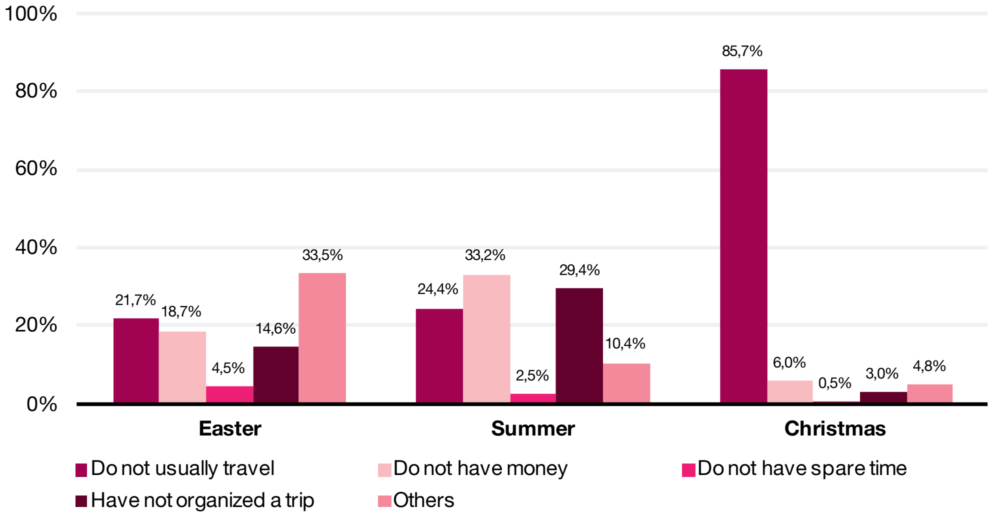


Source: ECCM. First, second and third quadrimester, 2008 through 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

Out of the three main holiday periods in the year, summer is the one that comprises the largest amount of households showing a willingness to travel; this figure is significantly lower for Easter and it drops drastically for Christmas. This distribution is the result of common habits that tend to concentrate all the holidays during the summer.

The crisis becomes quite evident through these figures. Trip prospects for summer have decreased by 11.9 points as compared with last year's and by 20.7 points with respect to the year 2008. Trip prospects for Easter have evolved in a very similar way: they lost 7.2 points to last year's percentage and 18.7 points to 2008's. Finally, even though the amount of holiday trips during Christmas is usually quite modest, it has decreased just as well: 1'7 points compared with 2011 and 13.6 points with respect to 2008.

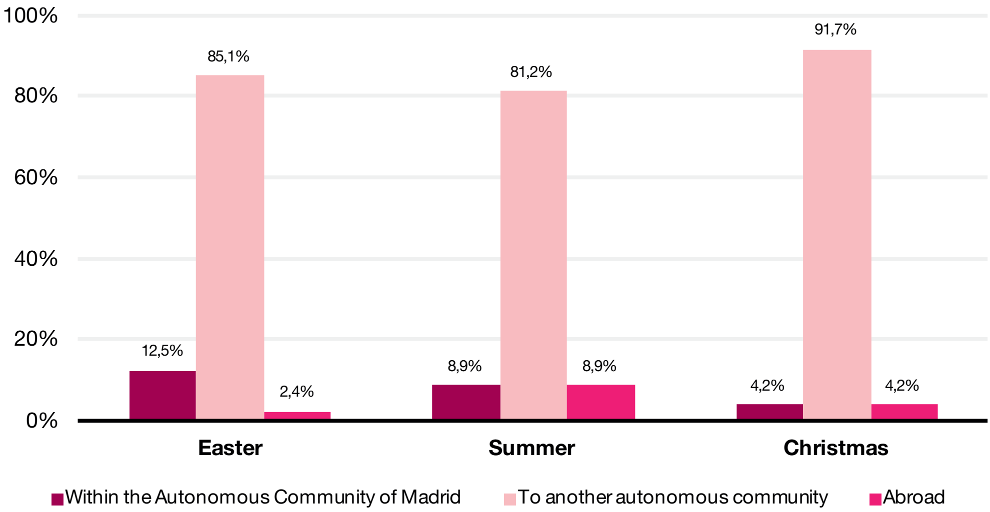
Reasons for not travelling during Easter, summer or Christmas in 2012



Source: ECCM. First, second and third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The main reason for households not having trip prospects for this Christmas was largely a question of habit (85.7%) whereas the lack of money was the alleged reason for just 6% of the households. In contrast, the main reasons for household members not travelling during Easter or summer were: not having enough money (18.7% and 33.2% respectively) or not having organized the trip (14.6% and 29.4%). It must be noted that the latter may be an alleged reason that aims at concealing an economic problem. A smaller amount of people declare they don't travel in these periods out of lack of habit.

Percentage of households that had trip prospects for Easter, summer or Christmas, by destination

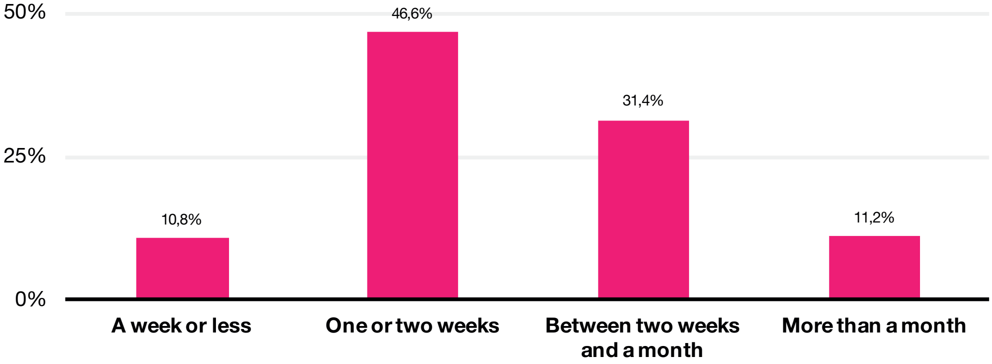


Source: ECCM. First, second and third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The destination distribution for the holiday trips of Madrid consumers is quite alike in the three holiday periods, which seems rather logical. Madrid is an inland city and therefore the coast is a major appeal for its citizens, especially for summer and Easter trips; in fact, 81.2% of those who had trip prospects for summer and 85.1% of those who had them for Easter had another autonomous community in mind as a destination (particularly seaside destinations).

The destination distribution for Christmas trips is similar, although the percentage of those who plan on travelling in this period is much lower. It is worth noting that Madrid has historically hosted a large number of immigrants with family roots elsewhere in Spain. This, along with the fact that many people have a second residence outside the Community of Madrid, explains that 91.7% of the trips planned for this holiday season have a destination in another autonomous community.

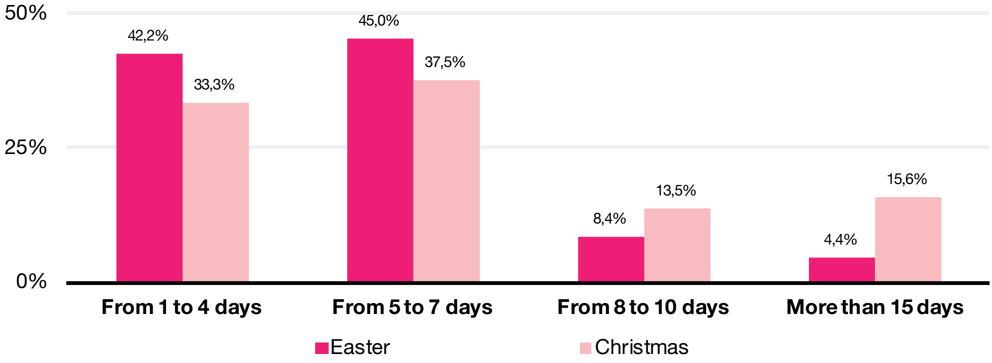
Percentage of households that had trip prospects for the summer, by trip duration



Source: ECCM. Second quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The duration of holiday trips during the summer of 2012 has largely ranged from one week to a fortnight (46.6%), which is gradually becoming the trend for summer holidays. Besides financial reasons, the trend may be explained by a tendency to spread out annual holidays more evenly, rather than concentrating all annual leave in the summer period.

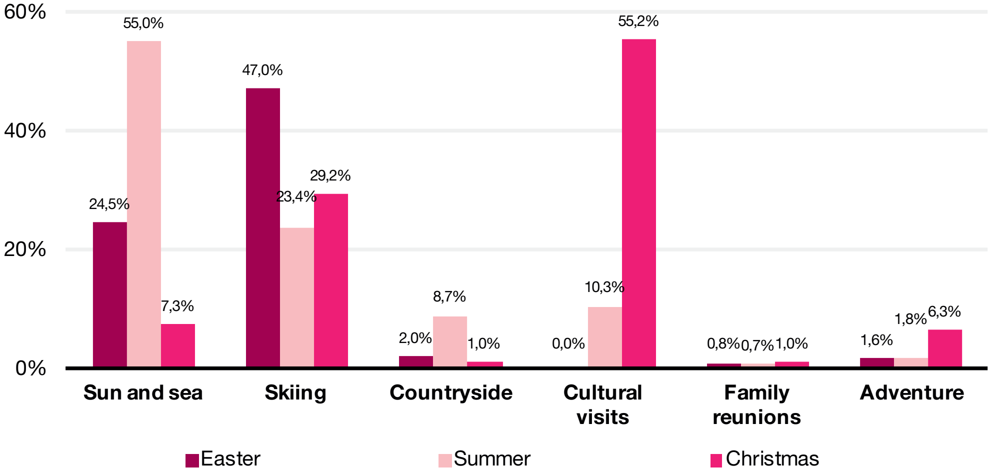
Percentage of households that had trip prospects for Christmas and Easter, by trip duration



Source: ECCM. First and third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

As for the expected duration of Easter and Christmas trips, it was largely one week or less. It is worth noting that, unlike in Easter, the duration of the Christmas holiday trips is tied to the distribution of bank holidays during the week.

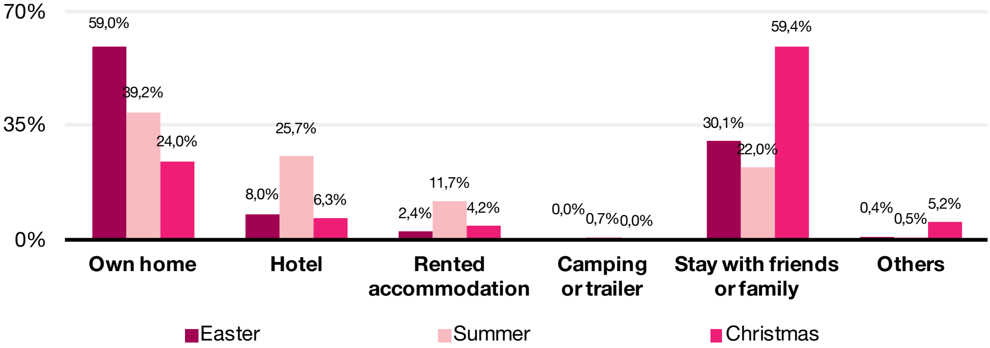
Main reason for travelling during Easter, summer and Christmas



Source: ECCM. First, second and third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The main reasons behind the travelling activity for the majority of Madrid consumers are essentially different for summer and Christmas trips, whereas the main reasons for Easter trips are somewhat of a midpoint. Whereas seeking beach and sun accounted for more than half of the summer trips (55.0%), in contrast with barely 10.3% of the respondents who travelled to visit family, these figures are pretty much reversed when it comes to Christmas trips (7.3% and 55.2% respectively). As for Easter, percentages are half-way the previous ones, being rural tourism the most attractive choice (47.0%).

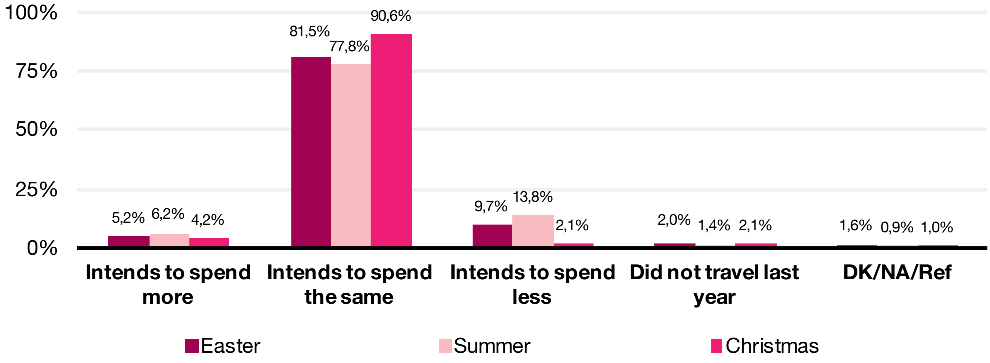
Main lodging place when travelling during Easter, summer and Christmas



Source: ECCM. First, second and third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The type of board and lodging, along with the trip destination and duration, is a good indicator or the relevance of the trip, particularly from an economic perspective. Lodging at hotels or rented accommodations accounts for a significant share of holiday expenses. In the summer, 37.4% of the travelers intended to lodge at hotels or rented accommodations, whereas most of them (54.7%) planned on staying at their own residences or with family and friends. For Easter and Christmas trips, the latter figure rises to 89.1% and 83.4% respectively, with only 10.4% and 10.5% of the travelers, respectively, intending to stay at hotels or rented accommodations.

Intended travelling expenditure



Source: ECCM. First, second and third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

On the whole, the intended travelling expenditure, particularly when the trip is repeated through the years, tends to remain more or less constant trough time or, at least, that appears to be the intention of the vast majority of household members when they have planned a trip. Nevertheless, consumers intending to spend less than the previous year, for every holiday period, outweigh those intending to spend more, which highlights the fact that consumers have prospects of cheaper trips than in the previous year.

3. MONOGRAPHS

3.1 Consumer satisfaction with domestic energy supply services

3.1.1 Introducción

The present monograph is based on the methodology expounded in The Nordic Model for Consumer and Customer Satisfaction. This model is a tool that can be very helpful, among other things, when setting priorities in consumer policies. Along with other quantitative and qualitative analyses, it helps founding the decision-making process, as many priorities directly expressed by the consumers can be derived from its results. A great deal of these priorities can be acted upon by the public administration, so as to promote and improve consumption.

This model is based on five aspects or dimensions:

- Transparency: Available information on products price and quality.
- Choice: Number of providers and types of products and services offered.
- Consumer protection: Rules and the consumer's right to claim or complain.
- Social aspects: Level of environmental commitment and social responsibility of the companies when manufacturing or commercializing their goods or services.
- Consumer information: Information on products or services and labeling schemes.

3.1.2 Dimensional analysis of the energy market satisfaction model

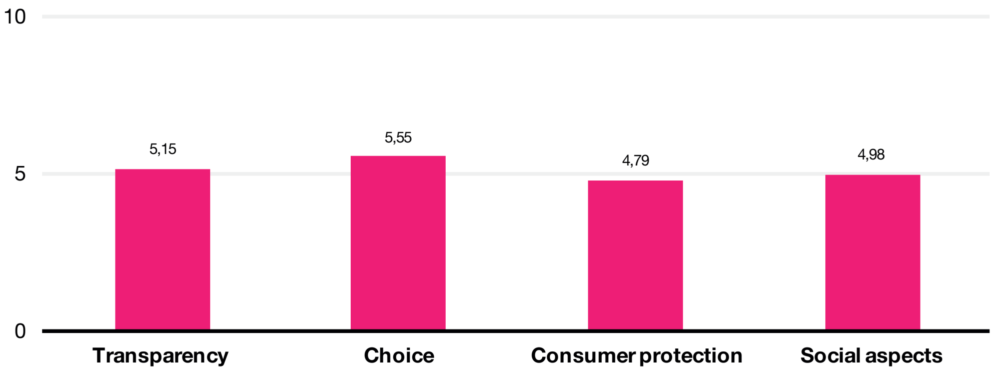
According to this methodology, there are four general dimensions or aspects that must be taken into account in order to construe as measurable values the level of consumer satisfaction with regard to the energy market. These aspects are: transparency in the way this market works, consumer's choice, his/her perception of consumer protection programs, and the appraisal of specific social aspects such as the company's environmental and social responsibility. The informative dimension has been included there as part of the consumer protection.

Each of these dimensions comprises a number of items than can be regarded as representative of its content. The respondent has rated these items on a 1-10 scale (where “1” is the lowest value and “10” is the highest).

For every respondent, the calculated value for each of the four dimensions used in the model is obtained as an average of the marks given to each of the items that the dimension comprises. From the individual ratings provided by the respondents, the average rating for all or a subset of the households is calculated.

The following chart illustrates the results obtained for the four dimensions:

Appraisal of dimensions



Source: ECCM. First quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The respondents' appraisal is such that two of the aspects under consideration barely made a low pass, while the other two – those of consumer protection and social aspects – did not reach the pass mark. This indicates that people in Madrid do not have a very positive image of the energy sector, at least with regard to the abovementioned aspects. Yet, it is also true that neither do the majority of people possess full knowledge of many aspects that concern them, which hinders their ability to perform a more objective evaluation.

A. Transparency

The dimension called transparency aims to estimate the level of awareness that consumers have of all those aspects of the market related to the availability of sufficient and reliable information at an appropriate time. Such aspects are expected to help consumers to make the right decisions when acquiring products or services. In this context, the products and services refer to the household energy supply, and the transparency can be summarized as having the possibility to compare prices, evaluate qualities and count with relevant information about aspects involved in the purchase.

Rating of transparency in the energy market

	Rating
Ease to compare prices	5,24
Beforehand evaluation possibilities	4,94
Easeof finding information	5,27
Transparency	5,15

Source: ECCM. First quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The average rating for transparency in the energy market is 5.15 points. The most valued item is the possibility of finding information about this market's products and services (5.27 points); on the other end, the worst valued item is the possibility of assessing the quality of the product and/or service before acquiring it or signing a contract (4.94 points).

We can conclude that the citizens' view on the transparency of these companies is rather poor; it is possible that the consumer faces difficulties trying to detect and establish clear differences between the possibilities that are offered in the market.

B. Choice

This aspect aims at coming close to the consumer's view on those aspects which form and shape the characteristics of any kind of market: number of companies, number of products, diversification, real possibility of choosing, absence of oligopolistic practices when fixing prices and, in short, whether he/she is dealing with a market in which competition is promoted.

The items chosen to illustrate such assessments, at the same time covering all aspects of this dimension, are the number of operators and the variety of products and services, the feeling of competition that this market conveys to consumers and the ease with which the consumers can change operators.

Rating of choice in the energy market

	Rating
There are sufficient suppliers	5,73
There is a wide variety of products and services	5,41
Competition level	5,32
Ease of change of supplier	5,76
Choice	5,55

Source: ECCM. First quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The average rating for the choice dimension is 5.55 points, with narrow variations between individual items (that range from 5.32 points for competition level to 5.76 points for the ease of change of supplier).

In short, we may conclude that the consumers view on the way this market operates shows that consumers are not quite convinced of the advantages of the market liberalization.

C. Consumer protection

This dimension aims at compiling those aspects which relate to the feeling of protection that consumers experience when faced with certain practices used by energy companies in their relationship with then end user.

Rating of consumer protection in the energy market

	Rating
There are sufficient regulations for an effective protection	4,88
Compliance of energy companies with the consumer protection regulations	4,80
Need for a better consumer protection	3,38
Consumer confidence in the reliability of the information	5,24
Effectiveness of regulations against misleading advertising	4,42
Possibility of making a claim	5,00
Effectiveness of claims during last year's period	4,34
Quality of the service	6,27
Consumer protection	4,79

Source: ECCM. First quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The average rating for this dimension is 4.79 points: five out of the eight items comprised in this dimension do not reach the pass mark, and there is a difference of 2.89 points between the quality of the service (6.27 points) and the need for a better consumer protection (3.38 points). Thus, this is the dimension comprising the largest number of items that the consumers are dissatisfied with, although the rating for quality of the service ranks among the highest.

Energy consumption is something quite present in every household for it is a first necessity service; hence the consumers view on the market flaws, concerns, misgivings and shortcomings, as well as on its qualities and virtues, seems to be uniformly distributed.

D. Social responsibility of the companies

Messages that have to do with the environmental, ethical and social implications that corporate practices entail are gradually taking root in our society, and this is why corporations are nowadays concerned, at least, with trying to fit into that benign image.

Also the citizen, as consumer, is internalizing these values, including them among those aspects that need to be taken into account when acquiring products or services. Being so, he demands not only the proper functioning of those products or services he acquires, but also that these – products or services – are made and perfectly integrated within this value system.

What seems to transpire from the respondents' assessments is the importance that they attach to the fact that energy corporations should assimilate these values, that their products and services should comply with these criteria, and that the information they give should include this social dimension. It may be that, depending on which market is analyzed, these issues have more or less prominence to the consumer's eyes, but what is undeniable is that our society is clearly incorporating these aspects to the products consumed and the services received, and it starts regarding them as added-value.

Rating of social aspects in the energy market

	Rating
Importance attached to energy corporations being environmentally friendly and ethically and socially responsible	5,73
Whether products in the energy market have been manufactured according to environmentally and ethically responsible criteria	4,92
Quality of the information provided along with various energy products about their environmental and social consequences	4,29
Social aspects	4,98

Source: ECCM. First quadrimester, 2012. Economy, Employment and Citizen Participation. Madrid City Council.

The assessment made by the respondents about the social aspects of this market does not reach the pass mark (4.98). The most valued item (5.73 points) is the importance the consumers attach to the energy companies being environmentally friendly and ethically and socially responsible. On the opposite end, with an average mark of 4.29 points, lies the quality of the information provided along with various energy products about their environmental and social consequences.

3.1.3 Assessing satisfaction in the energy sector and the importance of each dimension

In addition to assessing each of the dimensions through the established items, an overall assessment on energy market has also been made, globally rating this market through three directions:

- Degree of confidence in the energy companies
- Quality of services received by energy consumers
- Level of satisfaction with the energy companies

These ratings must in turn be considered as a synthetic appraisal under which there lie the various dimensions that emerged in the previous paragraphs. It is worth noting that every respondent, more or less consciously, attaches a different weight to each of these dimensions, for it is certain that issues such as transparency, choice, consumer protection or the social aspects of the energy market are given a different degree of importance by each consumer.

Overall rating of the energy market

	Rating
Degree of confidence in the energy companies	5,75
Quality of services received by energy consumers	5,67
Level of satisfaction with the energy companies	5,92
Overall rating	5,78

Source: ECCM. First quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The overall rating of the energy market is 5.78 points. This mark comprises the rating of the three above aspects. The group of users feels more satisfied with (5.92 points), but has less confidence in (5.75 points) energy companies. Users are also a little more disappointed with the quality of the services they receive as consumers (5.67 points). What this indicates is that the level of satisfaction that the consumer has according to his experience as user is somewhat better than the confidence that the companies inspire him/her with, which is in turn somewhat better than the quality of the services. Although the boundaries between all of these aspects may not be quite clear-cut, we must admit that these are subtle differences that must not at all be regarded as negligible.

3.1.4 Conclusions

Some conclusions may be drawn from what has so far been examined, based on a series of previous considerations.

There is no doubt, as numerous studies and statistics reveal, that the energy sector has a universal scope, while it is at the same time one of the most opaque sectors, and difficult to tackle as well; citizen are pretty much in the dark about it, and the criteria that he/she possesses stems from his/her personal experience about the service directly received and from the state of general opinion.

Moreover, this is a newly liberalized sector, and the consequences of this are likely to have not yet been felt in all their extension. In addition to that, there is a degree of real oligopoly defining the sector, which would explain that a certain level of skepticism is perceived among its users, about the goodness and advantages of launching the liberalization.

In terms of conflict, the sector is included among the household supplies, a group that is typically involved in a great deal of all processes being dealt with due to conflict between users and companies, although energy companies do not have the largest amount of claims within the group. It is nevertheless possible that, due to the liberalization, these companies' struggle to obtain a bigger share of the market leads to more transparent practices, and to more information given by the companies about the service they provide.

From the answers that respondents gave we can conclude that the majority of people rate their experience within a range of moderate satisfaction. Only 10.8% and 9.2% rate below average the confidence that energy companies inspire them with, and their level of satisfaction, respectively.

The relative homogeneity of the results seems to respond equally well to the general state of opinion about the sector and to a certain lack of knowledge about how it operates, even more than to the mere personal experience. It must be noted that, unlike other markets, this one sells products oriented to the household and not to its members.

Of the four dimensions, the most valued ones are those of choice (5.55) and transparency (5.15); on the other hand, the worst valued are social aspects (4.98) and consumer protection (4.79), which are also the dimensions that have the highest number of worst-valued items and which, therefore, include the greatest concerns of consumers about the energy market.

It is also worth noting that, according to the respondents' appraisal, not all dimensions – and therefore not all items – participate with the same weight in the configuration of satisfaction, consumer protection being the dimension that has the largest contribution to the overall consumer satisfaction.

There are certain aspects that make it clear that people distrust energy companies, as shown by some ratings given to specific items concerning consumer protection. In general people feel that, on the one hand, they are unprotected when faced with adverse situations and, on the other hand, they are held captive by their service provider.

The overall picture offered by the groups that have been taken into account (according to total income, size and per capita income) is relatively homogeneous. No single variable can be regarded as establishing solid differences between the assessments made.

To conclude, this is a market that comprises each and every household, and of which these households share a quite homogeneous perception, irrespective of income or any other issue.

3.2 Purchasing habits

Discussing purchasing habits is basically discussing the when, where and why of this activity, which cannot be circumscribe to the mere acquisition of that which the buyer is after. The following sections outline some aspects of the behavior of the Madrid citizen in regard to some of the topics related to these issues.

3.2.1 Purchase frequency

Purchase frequency is determined by two factors: First, the type of products the consumer is after, regarding their expiration date, obsolescence, and the need for change imposed by fashion, seasonality and other such factors; and second, the amount of time the consumer is willing to devote.

Purchase frequency according to type of product

	Food and beverages	Beauty and cosmetics	Shoes and clothing	House-hold goods	Furniture	Computers and telecommu-nications
Daily	16,3					
Several times a week	45,9					
Weekly	32,8	7,9	0,5	0,6		0,4
Monthly	5,0	55,9	2,9	0,5		0,5
On season		26,1	50,0	10,3	1,2	4,8
Yearly		6,7	26,2	20,8	5,7	15,5
Rarely		3,5	20,4	67,9	93,1	78,8
Total	100	100	100	100	100	100

Source: ECCM. Second quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The figures shown in the table are those expected when taking into account the type of products of each group. Purchasing food is the most frequent activity, with a one-week maximum cycle and 62% of the people purchasing daily or several times a week.

The purchase frequency for other products lengthens their acquisition periods. Beauty and cosmetics products are purchased on a monthly basis by 55.9% of the people, or according to season by 26.1%; the cycle for the acquisition of shoes and clothing is season-driven for 50.0% of the people, or longer for 26.2%. Other groups (household items, furniture, computers and telecommunications) are not subject to any specific acquisition rhythm and the purchase is made only when needed, which occurs over long periods of time.

3.2.2 Types of establishments

In recent decades, commerce has undergone a true revolution, displaying across the width and length of urban areas a variety of spaces, such as shopping malls, co-existing with leisure and recreation facilities. Large and medium shopping centers have emerged and the specialized trade has been favored in urban spaces through the development of commercial areas with a dense network of small and specialized stores; and all this has happened in tight coexistence with small stores, some of them much more local in nature and with a long life and tradition in the neighborhoods, some of them doomed to disappear and other deeply renewed in their image and activity in order to survive. And to this, it must be added all the possibilities opened up by new technologies, e-commerce and online stores, so that, on the overall picture for the commercial stores, there opens a range of possibilities continuously evolving, which allows us to talk of different types of buyers for a same product.

Type of product according to type of establishment

	Food and beverages	Beauty and cosmetics	Shoes and clothing	House-hold goods	Furniture	Computers and telecommu-nications
Specialized retail chains		27,1	52,3	53,0	62,9	62,4
Other retailers (not specialized)			8,4	6,9	5,2	4,5
Supermarket	50,1	43,5				
Hypermarket	14,0	12,0	2,4	6,0	2,4	2,6
Department store	5,8	10,9	32,7	32,3	28,6	27,7
Markets and galleries	27,1					
Outlets	-	-	-	-	-	-
Non-attendance purchase	0,0	0,0	0,0	0,0	0,0	0,0
Others	3,0	6,5	4,2	1,8	0,9	2,8
Total	100	100	100	100	100	100

Source: ECCM. Second quadrimester, 2012. Economy, Employment and Citizen Participation Department, Government of Madrid.

Madrid consumers acquire food and beverage products in supermarkets (50.1%); the remainder purchases are distributed among markets and galleries (27.1%), hypermarkets (14.0%) and department stores (5.9%).

Beauty and cosmetic products are mostly purchased in supermarkets (43.5%), non-specialized retailers (27.1%), hypermarkets and department stores (22.9%).

Finally, shoes and clothing are acquired chiefly in specialized retail chains (52.3%) and department stores (32.6%), leaving the rest for non-specialized retailers (8.4%) and hypermarkets (2.4%).

These figures show the success of the great distribution companies, regardless of the format they may use, whether this be large or medium-size commercial areas, retail chains with stores placed in urban commercial areas or in shopping malls. It can be noted that the rite of buying something, specially certain articles, is performed in very specific places that can even be generically designated with one particular trade brand.

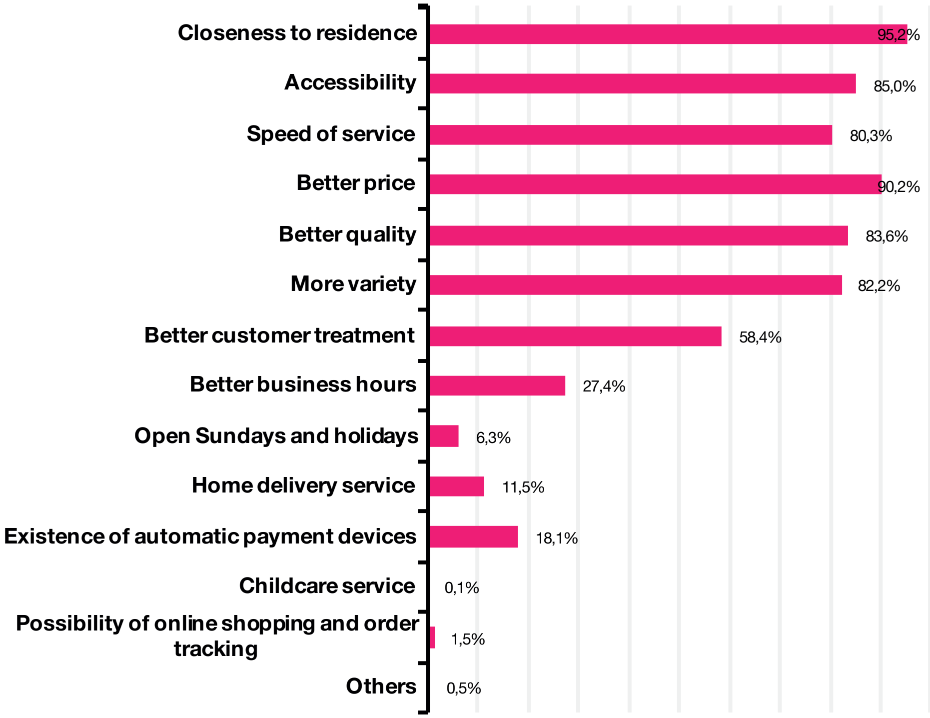
3.2.3 Reasons why these establishments are chosen

The reasons why these types of establishments are chosen for each group of products are expounded in this section.

A. Food establishments

When it comes to buying habits, these are mainly related to buying food products. It has always been so, and the fact that these habits are nowadays competing with other buying habits, linked to different products with particular characteristics, is not enough reason to think that buying food products is no longer the activity to which more weight is attached, in the daily routine of household tasks.

Reasons for choosing a food establishment



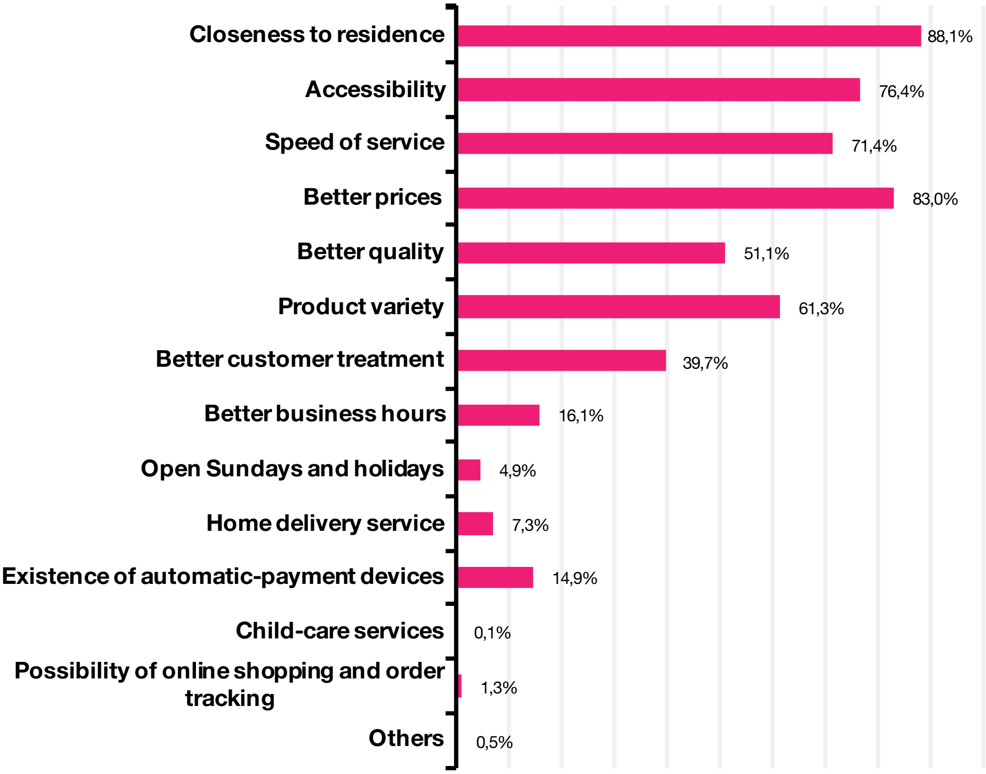
Source: ECCM, Second quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The practice of choosing an establishment is determined by three factors: space – closeness to residence (95.2%) and accessibility (85%) –, price and quality of products – better prices (90.2%), better quality (83.6) and larger product variety (82.2%) – and quality of the received service – speed of service (80.3%) and better customer treatment (58.4%). The remaining reasons, including the time-related ones (days and opening hours) among them, have a lower relevance.

B. Beauty and cosmetics establishments

These products are not only sold in specialized stores, but in other types of establishment as well – such as large shopping centers – where they share space with food products or clothes and accessories. Thus, generally speaking these products do not generate autonomous purchasing habits, but rather habits that are related to others.

Reasons for choosing a beauty and cosmetics establishment



Source: ECCM, Second quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

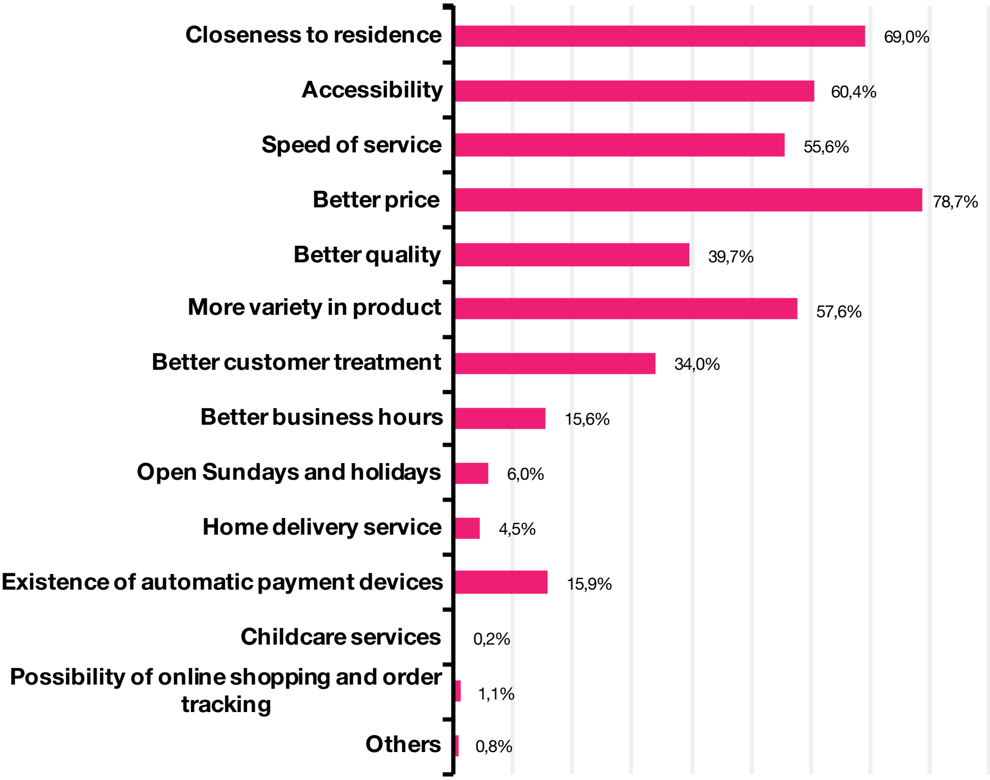
In this case, the alleged reasons for choosing an establishment are not as demanding as in the previous case. Closeness to residence (88.1%) and better prices (83%) are still the most relevant factors that consumers take into account when choosing an establishment.

C. Shoes and clothing establishments

This is very likely the other group of products that immediately come to our minds when we speak of consumption, shopping, establishments and commercial areas. It is usual for these products not to follow the kind of rhythmic buying habits of food products, but they certainly have some components that differentiate them from the other products, particularly given the type of image-concerned culture we live in. Fashion emerges as a substantial element in this context, some kind of imperative change and planned obsolescence, which is still at work in times of crisis (with some price and quality adjustments).

As far as establishments are concerned, the ones that distribute this kind of products are the ones setting high standards: shoes and clothing stores are in the vanguard of aesthetics in the points of sale and shine with own light in malls or shopping centers, coloring an urban landscape that is organized to promote consumption. They are part of the show, and their shop windows are a stage for our objects of desire.

Reasons for choosing a shoes and clothing establishment



Source: ECCM. Second quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

In this chapter it is price (78.7%), and not quality (only a 39.7%), but also variety (57.6%), the most influential factor when choosing a shopping establishment. Space-related elements are as well of importance: commercial areas and shopping centers have spread throughout the entire Madrid landscape, so it is no longer needed to go downtown to shop, as retail chains reach the neighborhoods and outskirts too. Parking sometimes becomes the most determining element when choosing an establishment. Time-related issues (days of the week and business hours) do not seem to make a great difference either in terms of choice.

3.2.4 Dominant criteria when choosing a product

One of the most interesting issues for manufacturers and traders, as well as for theoreticians, is gaining knowledge on the criteria that guide the buyer's choice, which elements and considerations lie behind the buyer's decision to acquire this product rather than that, how rational these choices are and which external influences can be identified.

Dominant criteria when choosing a product, according to group

	Food and beverages	Beauty and cosmetics	Shoes and clothing	House-hold goods	Furniture	Computers and telecommu-nications
Quality/ Price relationship	40,3	36,2	35,9	50,7	47,8	46,3
Price	23,0	23,3	25,3	20,7	18,8	18,7
Quality	23,0	23,7	27,5	20,2	20,2	17,8
Brand	7,3	12,4	6,4	2,8	2,5	6,4
Others	6,3	4,3	4,9	5,6	10,7	10,8
Total	100	100	100	100	100	100

Source: ECCM. Second quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

For all groups of products under study, quality/price relationship is the most important criterion that consumers take into account when acquiring products; this becomes even more evident when purchasing durable goods (household items, furniture, computers and telecommunications), with differences as large as 14.8

points, for instance, between furniture and shoes and clothing. Price and quality, taken individually, show very similar figures among the group of non-durable goods, ranging from 27.5% for the quality criterion regarding shoes and clothing to 23.0% for both price and quality criteria regarding food and beverages. The brand is attached the highest weight among beauty and cosmetics (12.4%), with a much smaller influence on furniture (2.5%) and household goods (2.8%).

3.2.5 Change of habits due to the crisis

The difficulties that follow from the economic situation of households have pushed them to take measures in order to get around it, so as their spending capacity is not so dramatically affected.

Change of habits according to household type

	More	Same	Less
Pay attention to price	61,7	38,1	0,2
Pay attention to quality/price relationship	60,1	39,6	0,3
Diversify where to buy in order to compare prices	49,6	49,6	0,8
Plan the purchases	36,9	62,3	0,9
Use time to gather information about the products	31,0	67,7	1,3
Demanding with regard to brands	14,5	76,5	9,0
Do online-shopping	1,5	65,9	32,5

Source: ECCM. Second quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

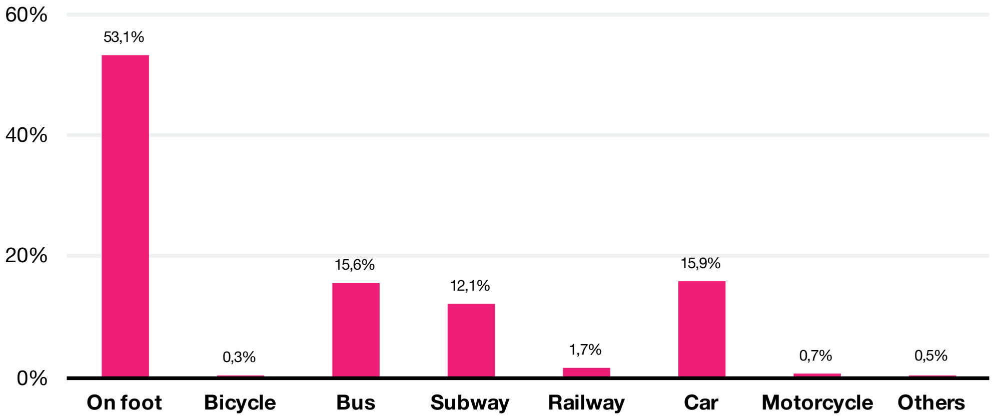
More than 60% of households act upon the attention they pay to price and price/quality relationship in order to readjust their economies, and almost half of them (49.6%) diversify their usual acquisition places of in order to get a better price. The rest of items are also useful to help enforcing these domestic policies, but they are less important, or at least they are perceived so.

3.3 Mobility

Mobility is an important issue for the inhabitants of any city. It is a fact that citizens' quality of life cannot be strictly circumscribed to mobility, but it is necessary to acknowledge that traffic and accessibility issues belong to the very core of the matter of quality life. Environmental pollution, duration of journeys, urban space taken up by vehicles, defenselessness of pedestrians and cyclists... All this is but the visible side of an urban reality of greater or lesser quality.

As consumers, citizens are not alien to this issue, not only because of its economic dimension, which is beyond doubt and sometimes of great importance, but because of the effects that it has in their own time schedules.

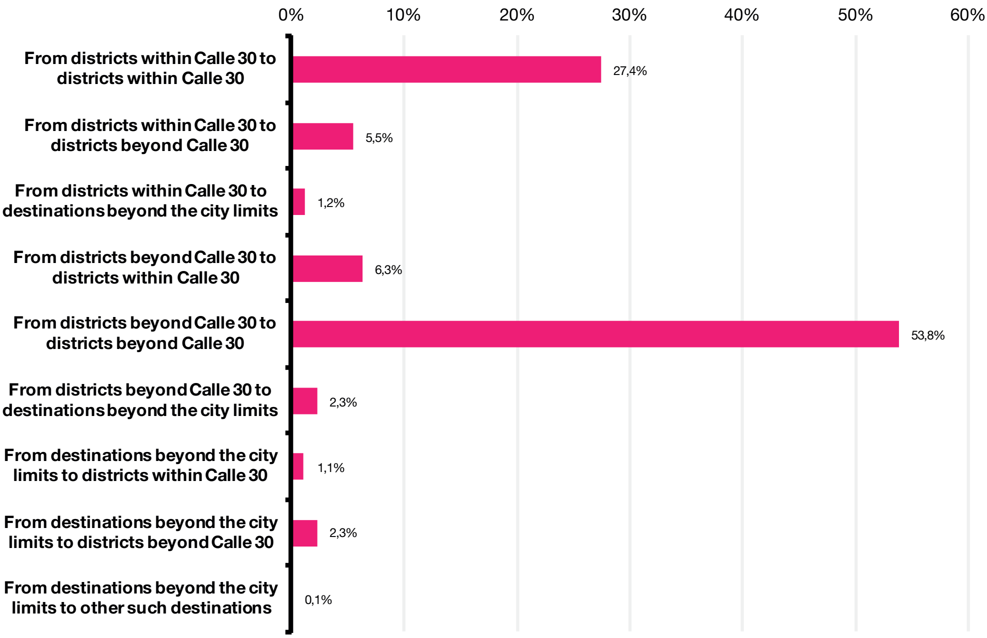
Percentage of means of transport used by consumers in Madrid



Source: ECCM. Third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

It follows from the above graph that walking is the main means of transport (53.1%), from which we can conclude that, on the one hand, a great deal of the respondents reported that they walk whenever they need to go on foot for over five minutes, irrespective of whether this is combined with other means of transport; and on the other hand, that this represents a response from certain layers of society to the price rise. The means of transport that follow are car (15.9%), bus (15.6%) and subway (12.1%). Railway (1.7%) is not an essential means of transport for Madrid city residents; it serves, however, residents of other municipalities within the Autonomous Community of Madrid, and even residents of neighboring autonomous communities.

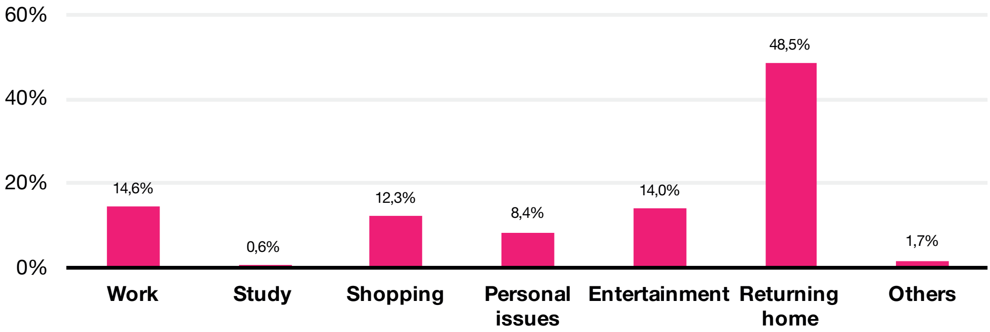
Distribution of journeys by area of departure – area of destination



Source: ECCM. Third quadrimester, 2012. Department of Economy, Employment Department. Madrid City Council.

Most journeys on a normal working day were from districts beyond Calle 30 to districts beyond Calle 30 (53.8%), followed by those from districts within Calle 30 to districts within Calle 30 (27.4%). The remaining journeys are less significant.

Reasons for the journey



Source: ECCM. Third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The main reason for the journeys is, quite logically, returning home (48.5%), i.e. the final journey at the end of a working day, whatever the reason may have been for leaving home. Among the latter reasons, work-related journeys are the most important, accounting for 14.6% of all journeys. This makes it clear that work is the backbone of journey distributions in cities during working days. Other reasons tend to generate journeys that are typically distributed along the day in time-of-day periods. Leisure (14.0%), shopping (12.3%) or personal issues (8.4%) generate journeys the suit the person's schedule.

Means of transport distribution by reason for the journey

	Work	Personal	Returning home	Total
Non-motorized (walking or cycling)	15,0	70,9	54,1	54,3
Public transport	43,2	21,3	28,8	28,2
Motorized private transport	40,8	7,5	17,1	17,2
Public and private transport	1,0	0,4	0,0	0,3

Source: ECCM. Third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

Public transport was the main means of transport for professional reasons (43.2%), followed by private motorized transport (40.8%), and non-motorized transport (15.0%). Most consumers prefer walking or cycling when journeying for personal reasons (70.9%), followed by public transport (21.3%), and private motorized transport (7.5%). Few respondents used a combination of both private and public transport either for work or any other reason. Such combination is much more common for those consumers who do not live in the city, but elsewhere within the autonomous community. Finally, it can be noted that the percentages of means of transport used when returning home, typically at the end of the day, are similar to the total average figures, as if this kind of journey represented an average of all the others.

Porcentaje de desplazamientos por modos de transporte y motivo del desplazamiento según franjas horarias

Means of transport	From 05:00 to 10:00	From 10:01 to 14:00	From 14:01 to 18:00	From 18:01 to 22:00	From 22:01 on
Non-motorized	23,7	72,8	41,8	52,4	36,0
Public transport	38,4	21,9	31,6	29,6	40,0
Private motorized, transport	37,0	5,1	26,3	18,0	24,0
Private and public transport	0,9	0,2	0,3	0,0	0,0
Reason for the journey					
Work	76,3	3,1	7,7	0,8	12,0
Personal	19,0	52,5	25,6	28,8	0,0
Returning home	4,7	44,5	66,7	70,4	88,0

Source: ECCM. Third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The results reveal that both the reasons for the journey and the means of transport vary according to the time-of-day period: certain times of day are dominated by professional journeys whereas other periods seem more suitable for personal journeys; similarly, some periods appear to be more suit better the use of private, public or non-motorized means of transport.

From 5 to 10 a.m. the main reason for the journey is to reach the working place, and the most used means of transport are public transport (38.4%) and private transport (37.0%). From 10 a.m. to 2 p.m. work-related journeys give way to personal ones (52.5%) and journeys are mostly made using non-motorized means of transport (72.8%). Between 2 p.m. and 6 p.m. the use of public transport peaks again (31.6%) and the journeys to return home start (66.7%). Returning home will remain the main reason for journeys throughout the rest of the day, followed by personal journeys, accounting for 28.8% of all journeys in the period from 6 p.m. to 10 p.m. In this same period, the use of non-motorized means of transport peaks again (52.4%), whereas it is the public transport the most used in the final time-of-day period, with 40.0%.

Monthly average expenditure on motorized and non-motorized means of transport

	Households that report spending on transport			
	Non motorized	Motorized	Total	Total households
Public transport	28,9	43,8	37,9	33,8
Taxi	84,0	42,0	60,7	1,6
Fuel		89,2	89,2	50,6
Parking		37,7	37,7	0,9
Toll		18,2	18,2	0,1
Total			92,6	87,0

Source: ECCM. Third quadrimester, 2012. Department of Economy, Employment and Citizen Participation. Madrid City Council.

The table shows the differences between households who reported spending on any of the transport items and the total survey sample. For example, household average expenditure on means of transport was 37.9 euro for public transport for the first group and 33. euro for the second; for taxis 60.7 euro, plummeting to a total average of 1.6 euro; for those reporting expenditure on fuel and parking the average was 89.2 and 37.7 euro, respectively, whereas the average spending on those items for the entire survey sample fell sharply to 50.6 and 0.9 euro, respectively. The closer the figures are in the two right-most columns in the table, the greater the number of users or consumers of such items of expenditure.

An analysis of the differences between households who reported spending on motorized or non-motorized transport revealed that spending on public transport was somewhat bigger in households using motorized transport (43.8 euro, compared to 28.9 euro in the non-motorized transport group). Spending on taxis shows, however, the opposite behavior, with households in the non-motorized group averaging 84.0 euro spent, against 42.0 euro for households in the motorized group. Obviously, spending on fuel and parking was only applicable for households using motorized transport.