REGIONE DEL VENETO

YEAR 13 - MAY 2013

STATISTICHE Flash

numbers and graphs to understand Veneto

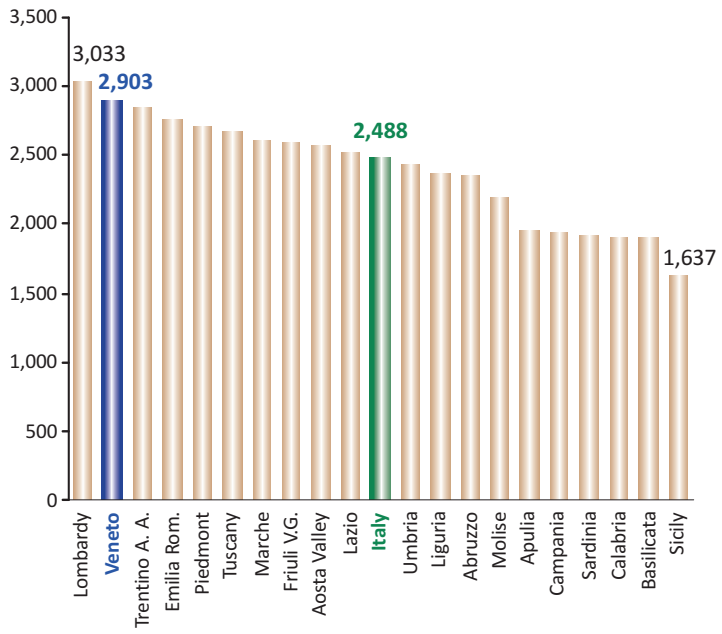
CONSUMPTIONS: MAKING ENDS MEET

Nowadays consuming means being able to meet a need, but also hoping for a shared and recognised status, defining oneself, if not feeling sometimes somewhat better integrated into society. Objects are purchased for their usefulness as well as for the social value that is assigned to them.

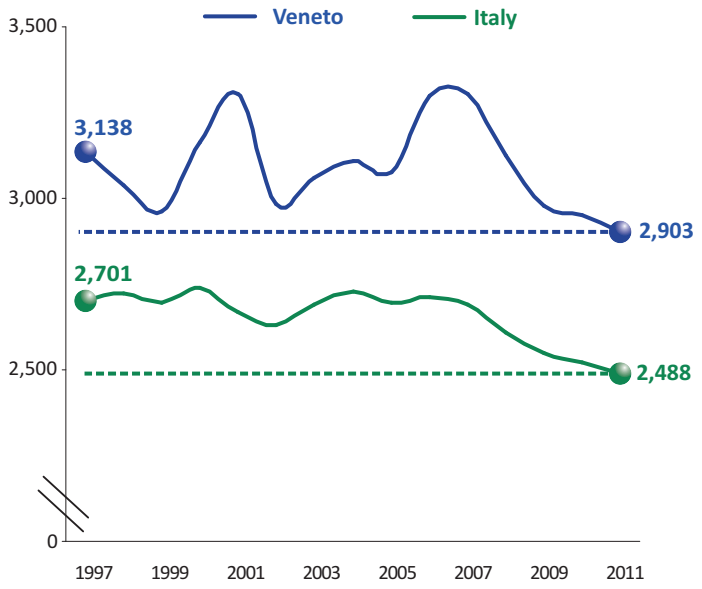
The economic development that Italy has experienced until la few years ago has no doubt encouraged consumerist type behaviour, thus favouring the general growth of consumption levels. The intervening crisis put a stop to this process, and although households have had to confront setbacks and limitations, they have shown the capacity to change, to differentiate their personal goals with regard to the past, even to alter their world view. As part of this process, new strategies and behaviours do tend toward less spending, but in a watchful, responsible and reasoned way, a more sustainable way.

The analysis of consumer spending and buying behaviour allows us to draw a picture of the living conditions of households and to understand how their lifestyle is changing. For example, how much they spend, what they buy, what difficulties they may have in making ends meet, changes in their family priorities and their personal networks, what access they may have to alternative sales channels also due to the spread of new technologies. In 2011, Veneto's households spent an average of € 2,903 per month to purchase goods and services necessary to meet the needs of everyday life, a value continuing to be among the highest in the region, second only to Lombardy, and well above the national average (2,488 EUR). However, looking at the trend in consumer spending from 1997 to 2011, revalued to the prices of last year, we observe a downward trend in 2011, which marked the worst performance for the whole period under evaluation. Veneto's households consume today 7.5 % less than fifteen years ago and 12 % less compared to 2007, the period of greatest economic expansion in Veneto. In 2012, national figures indicate a further slowdown in consumer spending, down 1.6 % over the previous year, partly because of households' loss of purchasing power (-4.8 %).

HOUSEHOLDS' AVERAGE MONTHLY CONSUMPTION EXPENSES (IN EUROS) BY REGION - YEAR 2011



HOUSEHOLDS' AVERAGE MONTHLY CONSUMPTION EXPENSES (IN EUROS AT 2011 VALUE). VENETO AND ITALY - YEARS 1997-2011



Source: Processing by the Veneto Region - Directorate of the Regional Statistical System on Istat data

WEB Flash

AVAILABLE:
- New Data Bank: Strategy for Europe 2020 – European and national indicators and targets
- The quality of living in 2012
- Economic scenario, trend indicators - April 2013

http://www.regione.veneto.it/web/statistica

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WHAT WE BUY

A place to live, groceries and transportation collectively accounted for an average of 62 % of Italian household expenditure. They affected even more the budgets of households with fewer economic opportunities, those having little else to spend on goods and services that are not strictly necessary and are easier to give up. This explains in part the differences we observed at a geographical level; for example, households from the South, generally the poorest, invested a quarter of their monthly spending in foodstuffs, compared to the national average of 19 % and even lower values in the North (16.6%). Conversely, leisure, entertainment, and recreation accounted for 3% of household consumption in the southern regions, compared with 5% of those living in the North. The expenditure for housing and related utilities alone accounted for a higher percentage in the Centre-North, partly due to the presence of conditions and housing needs with higher quality standards.

Over time, the structure of consumption changes due also to the evolution of household needs, but primarily in response to different economic conditions. More stringent budget constraints caused an increase in food spending over non-food: food spending only accounted in 2011 for 16 % of the average household expenditure in Veneto, when in 2007 it was 15 %. Housing and utilities expenses also grew, accounting for 30% of household expenses, about three percentage points higher than in 2007.

After housing and food, transportation costs are the most significant household expense. Transportation costs followed the economic cycle more closely and were affected by the crisis losing three percentage points overall in the last five years: this fall was partly caused by the collapse of automobile purchases, which in the past were encouraged by state incentives not renewed in 2011. Having to give up on a car, we still prefer to opt for a private means of transportation. Thus, as a valid transportation alternative, the percentage of those who bought a modestly priced new or used bicycle increased, while motorcycle and motorbike buyers remained stable.

% SPENDING BY CONSUMPTION SECTOR. VENETO, ITALY AND GEOGRAPHICAL SECTIONS - YEAR 2011 (*)

	Italy	South and Islands	Centre	North	Veneto
Food	19.2	25.6	18.4	16.6	16.1
Housing	28.9	24.8	32.4	29.4	29.8
Transportation	14.2	12.7	13.8	15.1	14.1
Fuels and energy	5.2	5.3	5.0	5.2	5.4
Furnishings, appliances	5.1	5.2	4.6	5.3	5.3
Clothing and footwear	5.4	6.6	5.1	4.9	4.9
Health	3.7	3.6	3.8	3.8	4.6
Leisure, culture and entertainment	4.2	3.4	3.9	4.7	4.6
Communications	1.9	2.1	1.9	1.8	1.8
Education	1.1	1.1	1.0	1.2	1.5

(*) The sum is not 100 because 'Tobacco' and 'Other goods and services' are missing.

AVERAGE MONTHLY EXPENSES (IN CURRENT EUROS) BY CONSUMPTION SECTOR. VENETO - YEARS 2001, 2007 AND 2011

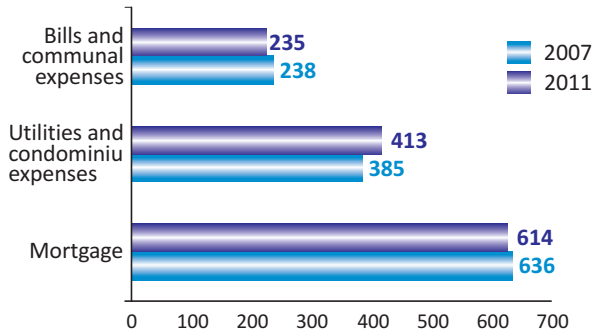
	2001	2007	2011
Overall average monthly expenses	**2,698**	**3,047**	**2,903**
Food and drink	**397**	**457**	**467**
(%)	14.7	15.0	16.1
Others	**2,300**	**2,591**	**2,436**
(%)	85.3	85.0	83.9
tobacco	0.6	0.6	0.5
clothing and footwear	6.0	5.8	4.9
housing (first and second home)	24.3	26.7	29.8
fuels and energy	4.8	4.7	5.4
furniture, appl. and home services	6.8	6.0	5.3
health	4.1	4.2	4.6
transportation	17.1	17.1	14.1
communications	1.9	1.8	1.8
education	1.2	1.1	1.5
leisure, culture and entertainment	5.1	4.9	4.6
other goods and services	13.4	12.0	11.3

TRANSPORTATION: AVERAGE SPENDING FOR SOME ITEMS VENETO - YEARS 2007 AND 2011(**)

	Spending in current euros	
For the purchase of:	2007	2011
a new or used car	13,193	10,481
a new or used motorcycle	2,702	2,420
a new or used bicycle	421	223
fuel for a year	2,388	2,560
public transportation tickets and passes for a year	732	701

(**) Average household expense calculated only if expense was made.

RENT AND UTILITIES: AVERAGE MONTHLY EXPENSES (IN CURRENT EUROS) VENETO - YEARS 2007 AND 2011



Source: Processing by the Veneto Region - Directorate of the Regional Statistical System on Istat data

The number and characteristics of household members determine the level and size of expenses. As the number of members goes up so spending grows but not in a directly proportional way, due to the existence of scale economies: for example, single household spending was 78% compared to two-member households.

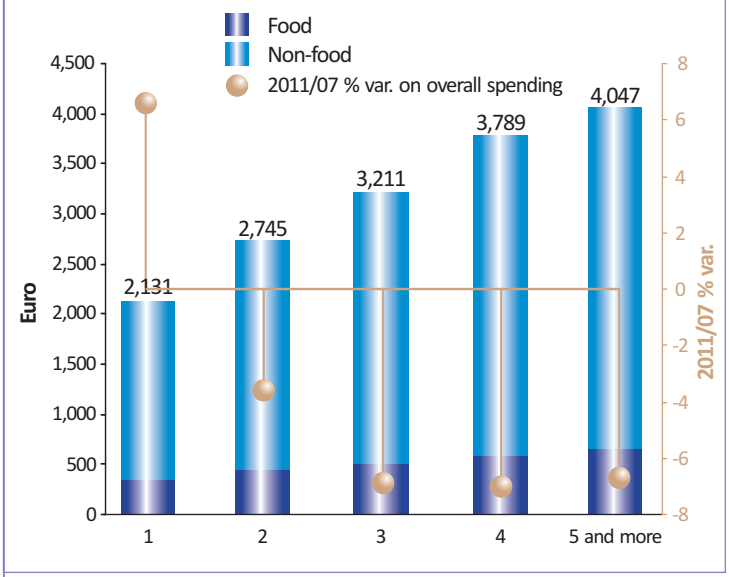
DIFFERENT HOUSEHOLDS, DIFFERENT MODES OF CONSUMPTION

Rent expenses had a greater impact on singles and couples with 34% compared to 23% in the case of larger households. Opposite that, clothing, transportation, health and education expenses were closely linked to the actual number of household members.

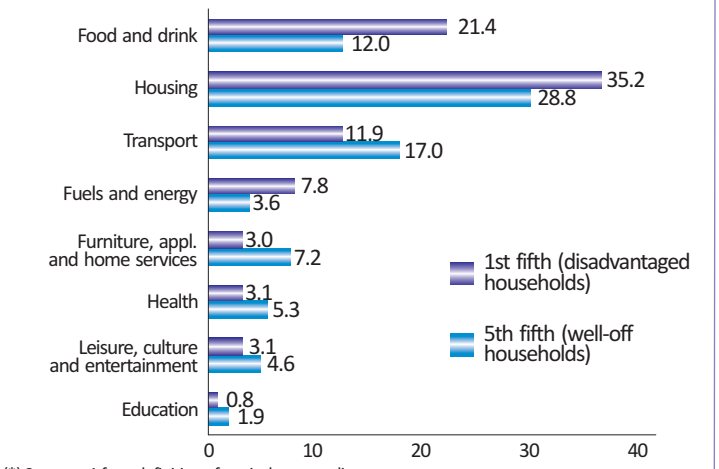
The lowest levels of consumption were registered in older single households: 40% for rent and 20% for food. The expenses that cannot be reduced include health care for the elderly, the impact of which rose to 6%, compared to 5% for the total number of households. The richest families had a spending level 4.5 times (5.2 for Italy) higher than that of the poorest households (the poorest 20% - 1st fifth of equivalent spending) and the gap has grown and is growing compared to five years ago (4.2). The households most in need were especially those with children, particularly if children are three or more, single-parent families and elderly couples, while childless couples and singles 35 to 64 fared better. Households with a high standard of living also adequately met needs not strictly essential such as transportation (17 % against 12 % of the poorest families), furniture (7 %) and recreation (5 %). Differences have remained also with respect to access to fundamental rights such as health and education. Lower income households could only budget 3 % of their expenses for health care, as opposed to the 5 % of those who fared better economically, confirming that socio-economic inequalities translate into health quality inequalities. The most vulnerable groups who rank lowest in the social ladder pay a high price in terms of longevity and resistance to disease.

[1] Household equivalent spending allows for the correct comparison of expenditure levels among differently sized households; it is calculated by dividing the household expense value by an appropriate correction parameter that accounts for the effects of scale economies. Households are ranked from lowest to highest based on equivalent spending in order to identify five groups of equal size (the 'fifths') with increasing purchasing power: the first fifth or 20 % represents the most disadvantaged households with lowest purchasing power, while the fifth 20% or fifth represents the households who fared the best with the highest purchasing power.

AVERAGE MONTHLY EXPENSES (IN EUROS) BY HOUSEHOLD SIZE. VENETO - YEAR 2011 AND 2011/07 %VAR.



% IMPACT OF SOME SECTORS ON OVERALL SPENDING IN DISADVANTAGEDE AND WELL-OFF HOUSEHOLDS VENETO – YEAR 2011 (*)



(*) See note 1 for a definition of equivalent spending.
The sum of the percentage effects is not 100 because only some expense items were considered.

% IMPACT OF SOME SECTORS ON OVERALL SPENDING, BY HOUSEHOLD CHARACTERISTICS. VENETO YEARS 2007 AND 2011

	2007	2011
Food and drink		
Total households, *of which*	**15.0**	**16.1**
elderly singles or couples	18.1	18.6
in the 1st fifth of equivalent spending (a)	20.8	21.4
Housing		
Total households, *of which*	**26.7**	**29.8**
1-2 members are	32.3	33.9
elderly singles or couples	38.7	38.8
in the 1st fifth of equivalent spending (a)	31.6	35.2
Transportation		
Total households, *of which*	**17.1**	**14.1**
with 4 or more members	19.1	18.4
active households (b)	18.9	15.5
in the 5th fifth of equivalent spending (a)	24.7	17.0
Fuels and energy		
Total households, *of which*	**4.7**	**5.4**
1 member is an	5.5	6.1
elderly single	7.0	7.6
in the 1st fifth of equivalent spending (a)	7.4	7.8
Health		
Total households, of which	**4.2**	**4.6**
3 or more members are	4.3	4.8
elderly singles or couples	4.6	6.2
in the 1st fifth of equivalent spending (a)	3.7	3.1

(a) See note 1 for a definition of equivalent spending.

(b) Active households: households that move more due to socio-demographic characteristics (to go to work, to take children to school, etc.

Source: Processing by the Veneto Region - Directorate of the Regional Statistical System on Istat data

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The crisis caused households to adapt, make sacrifices, re-organise their budget, implement strategies and devices to try and keep their social standing. In 2011, large scale distribution was again the main place for purchases, to the detriment of traditional stores. People shopping on-line have also increased, often taking advantage of reduced prices. Although far from the European average, Veneto's on-line buyers were 32.5% of all who accessed internet, above the national level (28.2%). Self-made consumption, although still limited, marked a timid increase with the cultivation of vegetable gardens also in the city, homemade food processing and self-made home maintenance (the estimated savings per household was 172 euro in the last year).

STRATEGIES, DEVICES, SACRIFICES

As for having to give things up, Veneto fared better than the whole Country: the majority of households stated that they kept purchasing food products based firstly on quantity and quality. There was however a non-negligible percentage of those who admitted to having to deprive themselves: a fourth of all households purchased fewer products, 7-8 % sacrificed quality and 5 % sacrificed both quality and quantity.

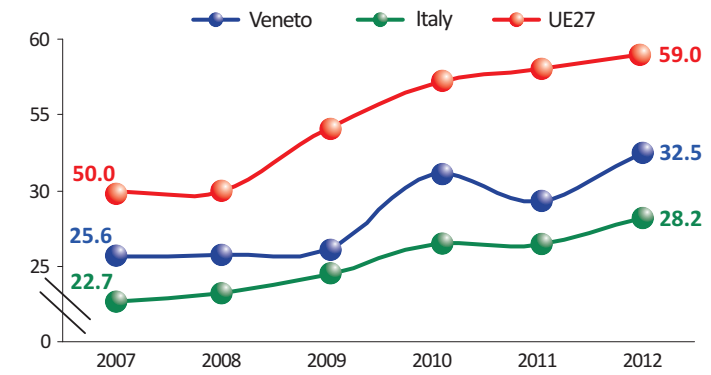
To make ends meet, households have been struggling to save money, but often they have been forced to use the savings they had, and when this was not enough, also to corrode their assets. The tendency to save decreased from 12.6% to 8.2% percent of household income. Moreover, among the households weighed down by a mortgage, 17.3% use renegotiation, mostly to reduce interest rates or lengthen the loan's duration (68.4%). Sacrifices did not always involve luxuries or accessory spending or leave household status unchanged. 67% of households (76% in Italy) had difficulty making it to the end of the month, and households suffering due to primary expenses have been on the rise. These included eating regularly and adequately, heating the house in a sufficient manner, or being behind on payments such as mortgage or rent.

HOUSEHOLD STRATEGIES IN FACING ECONOMIC HARDSHIP VENETO AND ITALY - YEARS 2007 AND 2011 (*)

	Veneto		Italy	
	2007	2011	2007	2011
% of households that				
- buy the following from large scale distribution:				
bread	36.2	50,0	44.2	51.2
pasta	89.8	92,0	84.4	86.8
meat	60.2	68,3	62.3	66.0
fish	55.4	63,5	58.5	63.2
fruits and vegetables	58.9	65,2	54.7	58.4
- recur to self-made consumption	27.0	30,4	19.6	19.5
annual value in euros (median)	97	172	131	215
- renegotiate their mortgage	-	17.3	-	9.5
to reduce interest rates or extend the loan	-	68.4	-	50.9
- erode family assets (a)	25.9	29.0	22.6	25.0
Inclination toward saving (b)	-	-	12.6	8.2
Synthetic sacrifice indicator (c):				
basic foods	64.5	62.5	58.5	55.1
clothing and footwear	47.6	47.9	39.7	39.4

(a) Overall % of households that stated they did not save any money.
(b) Share of gross savings on gross disposable income of consuming households. This data is not available at the regional level.
(c) 0 for giving up on quality/quantity; 100 if purchasing like before or more.
(*) 2010 is the last referenced year for self-made consumption indicators and mortgages, while for the inclination toward saving it is 2012.

% OF PEOPLE WHO ORDERED/PURCHASED GOODS VIA THE INTERNET. VENETO, ITALY, EU27 - YEARS 2007:2012 (**)



(**) % calculated over people above 14 who used the internet in the past 12 months

FACED HARDSHIPS. VENETO AND ITALY YEARS 2007 AND 2011

	Veneto		Italy	
% of households who stated:	2007	2011	2007	2011
being behind				
with bills	7.3	9.0	10.7	12.4
with rent/mortgage	7.9	10.6	10.1	13.7
not being able to afford				
an adequate meal	4.7	6.3	6.7	13.2
to adequately heat the house	8.3	13.2	10.7	18.5
a week's vacation per year	30.9	33.5	39.3	46.8
unforeseen expenses of 700-800 euros	26.7	26.7	32.9	39.5

Source: Processing by the Veneto Region - Directorate of the Regional Statistical System on Eurostat and Istat data

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