Reshaping the energy market: the Italian case*

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Abstract

The purpose of this paper is to shed light on public service reform, especially on energy markets. In particular, the purpose of this paper is to investigate the effects of privatization and liberalization of monopolistic services, especially the role of marketing policies. We use a single case study presented on data gathered from several secondary data sources, related to energy companies. The study is illustrative by its nature and advances two main arguments through conceptual analysis and empirical illustration: public services can be seen as the identification of actual and emerging needs and technologies and their matching; and the matching process builds on marketing policies and it is characterized by their individual motives to leverage the competition by the relationship process. The paper opens avenues for further research to develop the current conceptualizations of energy services in launching the new public service emergence perspective.

Keywords: energy; energy marketing; relationship; customers; public services; internet.

1. Introduction

The European political decision to promote competition in various sectors, considered necessary element to select the most productive companies and increase efficiency for the benefit of the community, involved the energy market in recent decades. Even in Italy, therefore, you have abandoned the previous monopoly regimes induced by a statist policy, in favour of deregulation and privatization of public utilities. The stages of the energy chain not subject to natural monopoly, although separated, were therefore liberalized, encouraging access for public and private enterprises compete with each other for the supply of energy and, above all, with respect to the export market. In this way, customers are free to choose their supplier without, however, risking interruptions in a service of public importance. The liberalization process in Italy, however, proceeds rather slowly, as it still coexists a "mixed" system that was originally designed only to support the transition to the free market: as of today, until the 1st January 2018, customers can choose to remain under the protection of the public institutions that provide controlled prices or whether to switch to the free market. The evolution of the Italian situation is particularly interesting for other countries that are going through the difficult period of transition towards a truly free market, although controlled by the public authorities, and for those countries which, however, want to join in the future to a competitive model. The analysis of private investments gives also an indication of a strategic vision of companies, comparing the Italian situation with the international evidently await significant economic and financial outcomes, intercepting the demand of enterprises and individuals allegedly growing.

The general purpose of this study is to investigate the effects of privatization and liberalization of public services. We analyse especially the characteristics of energy market in Italy after the recent regulatory changes in implementation of the main European directives. We check the trends in supply and the characteristics of electrical and gas firms. In particular, survey responds to the following questions:

- What are the main characteristics of Italian energy companies after privatisation?
- What are the main roles of marketing policies of public services, especially energy companies?

The answer to these questions helps to analyse the evolution of public service perspective, especially of energy

* The paper is the result of a collaborative work. However, it is possible to attribute to Felicetta Iovino: European and Italian transformation of the energy market with all its subparagraphs, the energy market in Italy: findings with all its subparagraphs, and still discussion: marketing in energy companies. The other sections are of Guido Migliaccio.

companies. In particular, it would need to check the meaning of marketing efforts.
After explaining main references, the research methodology used, the paper describes briefly the main current standards in Europe and especially in Italy. Following is the detailed illustration of the results of empirical research that describes the current composition of Italian energy market. The last section gives considerations about marketing dynamics of suppliers and so the conclusions.

2. Research design

The main object of this paper is to analyse the principal effects of privatization and liberalization processes of public services, especially of energy markets. We underline the new emergence perspective that nowadays public services identify actual and emerging needs and technologies and their matching build on marketing policies.
The objectives of this paper will be achieved with theoretical considerations based on a case study (Yin, 2009; Zikmund et al. 2013) including an updated conceptualization of the literature review. For the purposes of this research, we use the information of AAEG's database (Italian Authority for Electricity and Gas) that contains the main news of all energy companies in the Italian supply chain. Limiting the observation only to firms selling electricity and / or gas, the data were classified according to different parameters, extracted from the database and from the literature review: legal nature, membership to corporate groups, geographical distribution (northern, central, southern Italy), activity pursued, legal nature in geographical areas, belonging to corporate groups for areas legal and exercised activities for legal nature. We also have made a depth analysis on websites related to energy companies and telephone interviewees with managers of Italian energy companies to obtain the above data.

3. Literature review notes

The changed regulations which have gradually led to the mutation of the energy market (De Paoli, 2000, 2002 and 2004; Ricci, 2010; Pagni, 2015) generated, in Italy, a fruitful cultural debate which posed many issues.
Cerrato (2004) analytically outlines the new national context public services, focusing especially the effects of liberalization on the industrial structure of the electricity and gas sectors. He focused his attention on strategic issues observing that there is a common trend to diversification and thus to the establishment of multi-utility units. In fact, the analysis, describes the internal and external ways to win greater market share, illustrating acquisitions, alliances and more generally pushed aggregative to achieve adequate manufacturing dimensions. According with Cerrato each strategy is originated by a strong market orientation centred on customers using different and multichannel marketing strategies. The issue of its delicate balance between profit and public utilities of the electricity market, is focused in the writing of Montella et al., (2013). He underlines the cultural resistance to passage to the free market considered as a harbinger of social injustices. According Notargiovanni et al. (2006) a strategic role is played by companies and trade unions in the government's reform and the transition to the free market. The central role of marketing is reaffirmed in the most recent Iovino's contribution (2012) which also provides focus on using the Web network (2014). Vestrucci et al. (2015) analyse the dynamics of the Italian energy system, considering a long period of time: 1861-2010. In this way they observe as different mechanisms governing primary energy substitutions. Furthermore according Colapinto et al., (2015) Italian small and medium enterprises (SMEs) pursue internationalization (current and future entry modes, motivations, advantages and difficulties) with reference to four key areas: innovation and technology, networking, environmental approach and human resource (HR) competences. Olsen et al., (2006), illustrates the main difficulties encountered in developing an efficient retail competition in Nordic countries. The typical problems are institutional barriers and especially the limited access to reliable information on the contracts and prices. Hartmann and Ibanez (2007) analyse the effects of customer satisfaction, brand associations and perceived switching costs on customer loyalty in residential energy markets. Their results indicate that customer satisfaction, brand trust and perceived switching costs are positively related to customer loyalty and that brand trust exerts a stronger influence on customer loyalty than satisfaction and switching costs. The proceedings of the forum 12TH Croatian energy day about energy consumers in the open market conditions (2003) highlight many issues about first steps of the European energy market liberalization process. In it specific references to situations in Spain (Marti, 2003), German (Zijlstra & Čače, 2003), Switzerland (Fuchs, 2003), Bulgaria (Popov et al., 2003), Slovenia (Bakić, 2003) and Croatia (Pešut et al., 2003). Very latest, however, is the book of the Proceedings of 12th International Conference on the European Energy Market (2015). Among the many contributions, it highlights some of the most relevant to the subject under analysis.
First of all those which analyse the current situation in some countries that allow useful comparisons with Italy: Norway (Agrell et al., 2015), Brazil (Kummer et al., 2015), Germany (Metz & Saraiva, 2015) etc. There are other

many writings related to the management and marketing issues. For example, Serna-Suárez et al. (2015) propose some considerations on Microgrid's Energy Management Systems: microgrids are a new paradigm for energy distribution systems in which generation (from a local energy source or storage device) is coordinated to supply local energy needs while behaving as a sole system. Matusiak et al. (2015) present the results of the work on Business Models for the e-balance project that aims to create an application for balancing local production and consumption of energy in an intelligent and cost-effective environment. Consumer's needs were investigated and consumers' profiles were defined. These profiles were determined by conducting social research. Oliveira (2015) examine how price signals affect investment in renewable using a theoretical model in the tradition of Industrial Economics. While feed-in tariffs (FIT) isolate renewable from the spot market, feed-in premium (FIP) support schemes integrate them, thus making them subject to market signals. Papavasiliou & Smeers (2015): in addition to its adverse impacts on power system operations, the large-scale integration of renewable energy sources presents market design challenges as it exacerbates the missing money problem by moving value from energy to capacity markets. In this paper authors analyze the benefits of demand response and an energy-only market design on short-term operations and long-term investment, as well as the result of overlapping an energy-only market design in a market with active demand response. Lhoest-Snoeck et al.'s (2015) study, contributes to the existing literature on Customer Lifetime Value by including service costs as a value detractors and credit risk as a revenue risk. They show that customer value should include not only revenues, but also service costs and credit risk.

4. European and Italian transformation of the energy market

4.1. European legislation

The processes deregulation and privatization of public utilities implemented since the 90s have also affected energy companies. In this sense, the transition from monopoly to market competition is the objective of the EU and, consequently, of different national legislators. The first radical changes in the energy sector had the primary objective of creating an internal energy market through:

- the privatization of the energy chain stages which do not constitute natural monopolies (production and sales);
- *unbundling*;
- free choice of energy supplier for eligible customers identified on the basis of consumption thresholds.

The goal of the next regulation is strengthen competition and consumer protection. Among other things it was planned the establishment of independent and open markets to all end-users regulatory authorities within 1/07/2007. In addition, the universal service for household customers, and if the Member States consider, even for small businesses, namely the right to be supplied with electricity of a specified quality, at reasonable, easily and clearly comparable and transparent was expected. Given the shortcomings of many states and to strengthen the commitments of these directives are issued the "Third Energy Package" consisting of the 2009/72/EC directives for the electricity market and 2009/73/EC for the gas market repealing the 2003 directives, as well as Regulation No. 713/2009 for the establishment of the Agency for cooperation between regulators. The aim of the latter is to increase the independence of national regulators and their powers as well as promoting cooperation between them. These directives reaffirm the unbundling of the transmission/distribution indicating both the functional separation that the owner with the European Parliament expressed preference for ownership unbundling in the resolution 10/7/2009. Furthermore, consumer protection is taken as to the transparency of contractual terms, the specification of the energy mix, the forecast of unique conciliation branches and indicating for the first time among vulnerable customers, non-household customers with annual consumption exceeding 50,000 m^3 of gas.

4.2. Implementation of European legislation in Italy

In Italy, the privatization and change of the structure of the energy sector started with the Decree "Bersani" and the decree "Letta". The subsequent implementation of EU directives took place through careful legislation that:

1. made possible for each end customer to become eligible customer,
2. protects home users and small businesses who remain with the same electricity provider,
3. established that the Authority could fix the standard of service conditions and selling prices, and could identify back up suppliers for those who remain without one.

The "Third Energy Package" has been transposed into Italian law with a specific legislative decree.

5. The energy market in Italy: findings

The number of companies selling energy to end customers grew over time since the start of liberalization process-

es. We have therefore conducted an exploratory study of these firms using Authority for Electricity and Gas (AEEG)'s data updated in June 2015, with the aim of providing a synthetic overview of the liberalized energy market. As explained by illustrating the methodology of the research, we have extracted data about all businesses for sale of energy, electricity and/or gas from AAEG's database and then they have been analysed on the basis of several criteria to determine the abundance for each of the categories present. The criteria used are in table n. 1:

A. legal nature
B. belonging to corporate groups
C. geographical distribution (northern, central, southern Italy)
D. activity exercised
E. legal nature for geographical areas
F. belonging to corporate groups for areas
G. activity conducted for legal nature

Table n. 1 – Classification criteria

Those criteria have been extracted from the database and the literature review. The companies involved in the sales to final customers of energy are 555.

5.1. The separate companies according to the legal nature

The criterion of legal nature identifies a very diverse group, and consists of the following categories: SpA, Srl, a special company, Sas, Srl, a limited liability cooperative company, consortium, joint venture corporation, a consortium company with limited liability, Ltd, cooperative society for actions (figure 1).

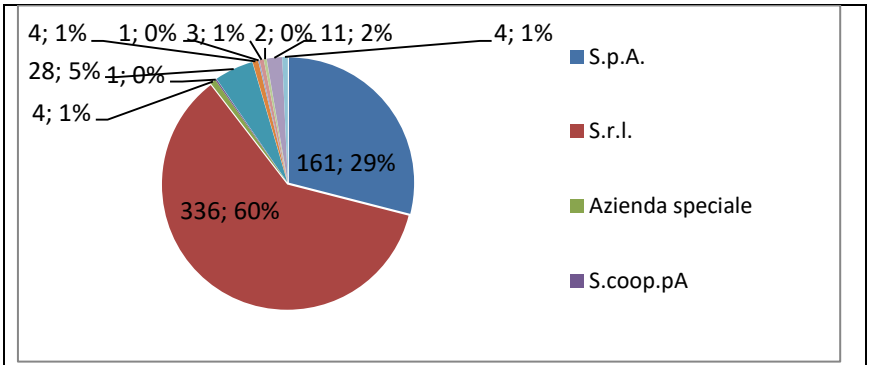

Fig. n. 1 - Companies classified by legal nature

Clearly, it shows that the prevailing legal form is that of limited liability companies and in particular srl and spa. The first is predominant with about 3/5 of the total. Moreover, even among the other types present with some weight, cooperative societies and cooperative company, is primarily the choice of the former limited liability. All this is in line with the privatization of public utilities, highlighting the essential need to use legal forms agile, able to promptly deal with inquiries coming from their environment, and in particular by the market (Minzberg, 1996).
Present, albeit to a limited extent (5%), cooperative societies by shares and limited liability cooperatives, a sign of how well the business of the sale of energy is the subject of interest even members who are not looking immediately and exclusively a return economic and monetary kind. It is noteworthy that among the 29 companies present cooperatives, as many as 20 have their headquarters in the province of Bolzano. This phenomenon is due to the specific characteristics of the area which is characterized by numerous small mountain communities that have set up special operating companies on all phases of the electricity supply chain to meet their needs.
The management consortium, consortium companies, limited liability and consortia are present for a total of 4% and are often the solutions adopted by several organizations, such as neighbouring local authorities, to ensure greater coordination of activities and increase economies of scale (Mele, 2003).

5.2. The separate companies based on membership in a corporate group

It is also interesting to note that as much as 67% of these companies does not belong to a corporate group as proof of the presence of independent companies on the market in the electricity and gas sales sector. The related strategies and policies are not therefore affected by group logic that even if they can produce synergies, however, may generate negative effects in terms of efficiency, effectiveness and economy of operations. The figure is in perfect line with each other on the prevailing legal form, namely srl, which as mentioned above, show a very flexible presence from both a strategic and operationally on the market, symptomatic of limited size businesses. However

as much as 33% (Fig. 2) belongs to corporate groups tend to operate in both liberalized stages of the energy chain, production and sales, as well as other public services, with limited diversification (Cerrato, 2004).

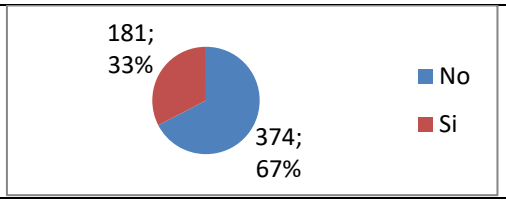

Fig. 2 – Companies classified for belonging to corporate groups

5.3. The separate companies by geographic location

Companies are classified in accordance to the geographical location of their operational headquarter. 60% of them are located in the North, about 26% in the Centre and 14% in the South (Fig. 3).

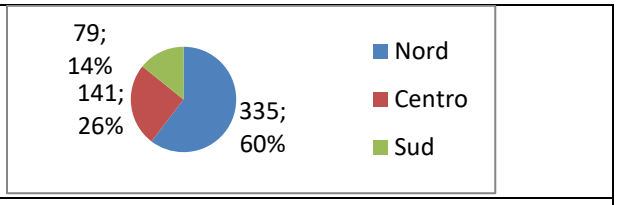

Fig. 3 - Companies classified by geographical distribution

5.4. The separate companies according to sectors of activity

As per the activity (Fig. 4), the identified companies are involved in the sale of energy, of which the sale of electricity to private customers is prevailing (75.8% or 421/555) compared to the sale of natural gas (60.3% or 335/555). However, the situation is reversed in relation to the 'protected' segment. In fact, companies selling natural gas are prevailing (30.8% or 171/555) compared to those selling electricity (8.8% or 49/555). This confirms the greater dynamism of the electricity business compared to natural gas with a greater number of newcomers. In addition, electricity wholesaler companies are very numerous (30.9% or 172/555) compared to 23.6% (131/555) of natural gas wholesalers. With regards to the different stages, upstream 15.5% (86/555) is also active in electricity production, while only 0.36% (2/555) makes the cultivation of natural gas. Distribution and measurement of electricity is carried out only by 5.76% (32/555), while the value is drastically reduced to 0.72% (4/555) for gas. These activities are pursued in the local monopoly and this confirms the small size of those companies. These are diversified companies: 4.5% (25/555) of them have different activities outside the energy sector and 5.6% (31/555) have related activities in the energy business.

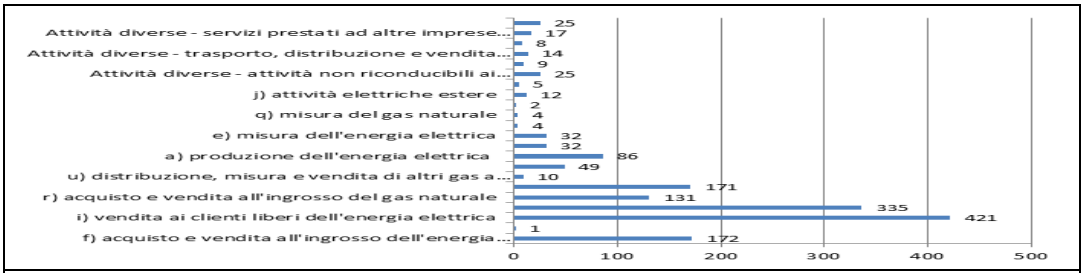

Fig. 4 - Companies classified by activities carried

5.5. Distribution of legal forms for geographic areas

With regard to the distribution of legal forms for geographic areas, business presence mainly in northern Italy (Table n. 2) is confirmed for almost all types of legal form.

5.6. Distribution of corporate groups by geographical areas

The predominant presence in the north is also confirmed for the companies belonging to corporate groups: 73% (133) in the north, 19% (34) in the centre and 8% (14) to the south, as shown in the following graph (Fig. 5).

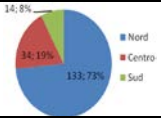

Fig. 5 - Corporate groups: geographical distribution

Geographic area	**North**		**Center**		**South**	
Legal form	*Number*	*%*	*Number*	*%*	*Number*	*%*
Spa	113	70%	31	19%	17	11%
Srl	178	53%	102	30%	56	17%
Aziende speciali	3	75%	0	0	1	25%
S.coop.A.	1	100%	0	0	0	0
S.coop.r.l.	26	93%	1	3%	1	4%
Sas	2	50%	2	50%	0	0
Ltd	1	100%	0	0	0	0
S.cons.p.A.	3	100%	0	0	0	0
Snc	0	0	0	0	2	100%
S.cons.r.l.	6	55%	4	36%	1	9%
Consorzi	2	50%	1	25%	1	25%

Table n. 2: Geographical distribution of the different legal forms of energy companies

5.7. Distribution of business activities to the legal nature

The analysis of assets broken down by legal form identifies as noted earlier, the prevalence of the spa and srl for almost all the assets, as shown in Table n. 3.

Legal form	Srl		Spa		S.cons. p.A		S.coop.r.l.		S.cons.r.l.		S.coop.A.		Consorzio		Sas		Azienda speciale		Snc	
Activity	**n**	**%**	**n**	**%**	**n**	**%**	**n**	**%**	**n**	**%**	**n**	**%**	**n**	**%**	**n**	**%**	**n**	**%**	**n**	**%**
f) purchase and wholesale electricity sales	85	49	76	44	2	1	3	2	5	3	1	1	0	0	0	0	0	0	0	0
i) sales to free electricity customers	234	56	136	32	3	1	28	7	10	2	0	0	4	1	2	1	2	0	1	0
g) sale of electricity to end customers in safeguarding	0	0	1	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
j) electrical foreign activities	3	25	9	75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e) measuring electricity	2	6	4	13	0	0	21	66	1	3	0	0	1	3	0	0	3	9	0	0
d) distribution of electricity	2	6	4	13	0	0	21	66	1	3	0	0	1	3	0	0	3	9	0	0
h) sale of electricity to end customers in the enhanced protection	10	20	13	27	0	0	21	43	1	2	0	0	1	2	0	0	3	6	0	0
a) production of electricity	35	41	18	21	0	0	26	31	3	4	0	0	0	0	0	0	3	3	0	0

Table n. 3 - Distribution electricity activities by legal form

The sale of electricity to end customers in safeguarding (table no. 3 – g) sale of electricity to end customers in safeguarding), that is, those that remain without electricity supplier shall be held by a single operator, Enel, the incumbent responsible for that social role, which has the legal form of a spa. Both foreign electrical activities that foreign gas activities (table. n. 3 – v) foreign gas activities and j) electrical foreign activities) are performed by a few companies with legal form of spa and presumably srl medium-large. By virtue of liberalization processes that affect the sale in free market conditions to end customers of both electricity and gas (Table n. 3 – i) sales to free

electricity customers and t) sale of natural gas to end users in free market conditions) we see that this business is the most diversified in relation to the legal form taken by the businesses, higher for the electric energy also by virtue of their numerical predominance. Similar data were recorded in the sale of natural gas to end customers in the enhanced protection and ultimately (Table n. 3 - s) sale of natural gas to end users in the service and protection of last resort services). Except as indicated above are: e) measuring electricity, d) electricity distribution, h) sale of electricity to protected customers, a) electricity production. For such activities, a priority role is assumed by the limited liability cooperative societies, since they are companies with a strong territorial vocation and that are vertically integrated being of small-medium size. In particular, the measurement of electricity (Table n. 3 - e) measuring electricity). Exactly analogous results are recorded for the distribution of electrical energy (table n. 3 - d) electricity distribution) as outlined above relatively to the two aforementioned activities. Similar activities related to natural gas that is: k) of natural gas cultivation, p) natural gas distribution, q) measurement of natural gas, as shown in the following charts, are exercised by a lower absolute number of firms than energy power and prevalence of spa and srl, the inherent characteristics of the natural gas whose production and transportation are strongly linked to the territory and require huge investments. With regard to electricity production (Table no. 3 - a) there is a more even distribution between numerical srl, spa and limited liability cooperatives.

6. Still discussion: marketing in energy companies

The section n. 5 provided an overview of Italian energy companies. Nowadays energy companies, as every public service, have changed their role. Monopolistic public companies have been replaced by competition between different enterprises. Citizens are now customers so they do not accept standardized services, but they ask for services with specific characteristics (Kotler, 2007). Therefore, the public service companies' role especially for energy companies is to identify actual and emerging customers' needs for proposing a personalized total value offering to everyone. In this way, public services pursue efficiency, effectiveness and inexpensiveness and they improve the whole public system. Using technologies, especially new technologies, is central to obtain public services of high quality, as new complex customers require.

Energy companies reach these objects necessarily interact with the external environment, in particular, customers. In this sense, marketing policies are the main instrument. These gradually widespread policies in the energy sector have turned the two main goals of business development, namely retention of existing customers and winning new customers. Both the newcomers that the incumbents, in recent years, have distinguished clearly between policies for the acquisition and retention policies for addressing them respectively to new and existing customers. However, some studies (Iovino, 2012; Iovino, 2015) suggest that its application could not be more exclusive. In fact, even to potential customers winning marketing must provide support to offers that differ in price and to a plurality of actions.

As well as for the retention of current customers, as well as guaranteeing a global offer of value does not seem to be sustainable leave out the pricing. In addition, several studies (Drummond and Hanna, 2001) have shown the beneficial effects of customer satisfaction on customer loyalty in energy market. It was confirmed that the confidence in energy providers implies the willingness of consumers to maintain a long-term relationship with their supplier, in particular, when switching costs are significant due to the high risk and uncertainty (Johnson, 2001). Bearing in mind the results of the studies of Nesbit (2001) and Pesce (2002), according to which the acquisition costs of new customers in energy markets can be 6.5 times higher than the retention costs, adequate attention, however, in comparisons of both types of customers makes it essential to design and implement a policy mix so much loyalty as acquisition. In this sense, we are witnessing two phenomena of great importance that confirm what I said earlier:

- a progressive but limited diversification defined constrained diversified, with the primary role of companies Energy, a proof of the trend in recent years towards a substantial focus on the core energy business;
- the consolidation of so much respect to residential customers marketing policies to industrial (Drummon & Hanna, 2001).

Proper adoption of these marketing policies implies that energy companies must take a long-term perspective for the creation, maintenance and growth of relationships with their customers by using the principle of the business relationship energy (Grönroos, 2005). Some studies (Iovino, 2012) have also shown that these marketing policies develop well if implemented by energy companies to assimilate properly a relationship orientation. It has been stressed that the adoption of a relationship approach is one of incremental factors of competition between energy companies and that there is a by the inadequate assimilation of the relationship paradigm in Italy. The extension

of the paradigm of internet marketing to energy companies has determined the total re-engineering of business processes in a way, which recognizes the centrality of the customer.

In addition, the cognitive investments made by customers allow energy companies to build a loyalty to the web-site with the raising and enhancement of functional and corporate image quality is translated into loyalty to the company. For energy companies sites four evolutionary steps can be identified due to the development of Gartner's model (Baum & Di Maio, 2000; Corvi & Bonera, 2005). This model has four stages of development with an increasing level of applied innovation: information, interaction, transaction and transformation. At present it can be said that the energy companies have passed, the stage in which e-marketing is exclusively implementation of a technology within the existing business processes with simplification and cost reduction purposes, but it has become the central tool for the organization's overall redefinition (Dyson, 2000).

It has been shown (Iovino, 2014) as the web has democratic nature for energy companies since the level of performance is not linked either to investments made or the actual dimensions, but the interest towards its stakeholders, in particular existing customers and potential and the confidence and therefore to the effort in the implementation of internet marketing policies (Corvi & Bonera, 2005).

In fact, internet marketing amplifies the competitive advantages of local energy companies. The limited size translate into lower organizational complexity, resulting in a simplification of the sites where speed decisions constitute a competitive advantage over large national operators. In addition, it tends to be more direct contact with customers ensure more positive results in terms of effectiveness and therefore customer satisfaction (Iovino & Migliaccio, 2016). The limits resulting from the smaller financial and managerial resources (Cedrola, 2007) is therefore widely exceeded. Moreover, empirical evidence lead back to the concentration of users in urban areas of the positive results of local small and medium-sized energy companies in terms of effectiveness and efficiency, further amplified results from the web for the characteristics that are proper (Vaccà, 2002).

7. Conclusion

Empirical research on the situation of the energy market in Italy provided policy implications by a compendious picture of the situation in a country in which, however, the actual liberalization process slowly, even with limited benefits. Nevertheless, there was evidence of a significant number of companies that have been placed on the market waiting for its further expansion. From the above data, it is clear that the prevailing legal form is the more agile, easily connected to the market to which it refers. It also highlights the relative autonomy of companies, considering the limited presence of groups.

The prevailing north location depends on the structural characteristics of the environment and above all, by a long-standing imbalance between the three main areas of the country that concentrates the most profitable productive activities in the northern regions.

The overall picture and conceptual arguments confirm the need for marketing policies that permanently linking the retailer company with the external environment, loyalizing current customers and winning new customers, making use mainly of IT tools. Public services and especially energy companies, must use a customer centric approach forgetting old technologies and a product centre approach.

The identification of customers' needs using the best technologies and marketing policies will guarantee that public value is spreaded between customers, public services companies and public authorities. Marketing policies increase competition by a relationship approach implemented by energy companies and that has useful effects both for customers and for companies.

Therefore, it obviously believes that the wait next legislative changes will give new impetus to private investments, in order to achieve a global competition. In particular, policy makers need to focus on simplifying the formalities required for the sale of energy in compliance with EU directives.

These clashes with the presence of a still heavy bureaucracy in Italy if though appreciable changes are being recorded in a general process of streamlining the legislation. In addition, the realization of investments in all sectors to reduce imbalances between the different areas of Italy will contribute to the increase in the number of energy operators even in these areas, and therefore the competition in the country. The most effective measures to achieve that result are then country-specific due to special national circumstances, however, found in other European countries, although with different characteristics.

Finally, marketing policies implemented by companies should be favoured, but also be the subject of control and cooperation with the national regulatory authorities. In doing so, it will allow customers a proper understanding of the energy market liberalization and a conscious choice in switching processes. This will help to reduce prices and

improve the quality of service provided also pursuing the security of supply and consumer protection objectives of liberalization and privatization of the sector.

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