

EURO ADOPTION AND CATERING INDUSTRY PRICES: THE CASE OF SLOVENIA

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ABSTRACT

This paper analyses the causes of the catering industry inflation, pre- and post-adoption of the euro in Slovenia. The empirical analysis of the inflation factors in the catering industry is based on the monthly statistical data during the 2000–2007 period. The empirical analysis confirms that catering industry prices are positively associated with the wages in the catering industry, the demand for tourist services, and the adoption of the euro. The two common components are identified by using the principal component analysis: first, the general level of prices and wages in the catering industry and, second, the euro price adoption and later euro price stabilization and demand in catering industry. The multiple regression analysis confirms the association of the catering industry prices with the wages in the catering industry, as well as with the euro adoption in Slovenia and by demands for tourist services.

Keywords: euro, catering industry, inflation, costs, Slovenia