



Survey among enterprises in Slovenia – after the euro introduction

Summary

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This document does not represent the point of view of the European Commission. The interpretations and opinions contained in it are solely those of the authors.

Flash EB Series #201a

Survey among enterprises in Slovenia – after the euro introduction

Conducted by
The Gallup Organization, Hungary
upon the request of the DG ECFIN-R-4:
External Communication



Survey organised and managed by the
Eurobarometer Team of Directorate-General
“Communication”

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THE GALLUP ORGANIZATION

Introduction

The objective of the survey is to study, from an ex-post perspective, the preparations for the changeover to the euro and the actual changeover of the two target groups: banks and enterprises. The survey among bank branches was conducted in January 2007. The survey among enterprises was conducted in February 2007. This report presents the attitudes and opinions of the second target group, the representatives of enterprises (including retailers) in Slovenia. The current special target group Flash Eurobarometer survey was organised and managed by the Eurobarometer Team of the European Commission (Directorate-General Communication, Unit A-4).

The survey was carried out via telephone, using WebCATI (web-based computer aided telephone interviewing) between 20 and 26 February 2007. The Slovenian partner institute translated the questionnaire to Slovenian using a centralized process of back-translation procedure, involving two initial local translations, independent back-translation and central verification of the localised questionnaires.

The main themes in the survey were similar to those followed under the Flash Eurobarometer 195 in November 2006, before the changeover:

- general information on the enterprises
- the adaptation of enterprises' computer systems
- some cash related questions: supplying the enterprises with euro coins and banknotes before €-day; change in euro, and return of national cash;
- price policy
- preferred distributors of information on the euro.

The sample of 375 enterprises consists of 322 enterprises in the sectors G and H (trade and hotel sector) of which 33 enterprises have at least 50 employees; and 53 enterprises in the sectors C to K (excluding G and H as well as the part of J, which is already covered through the survey of bank branches) with at least 50 employees.

The sample lists were developed using national statistical data sources (IPIS). Sampling was made according to two stratification criteria: the size of the company and the activity sector. Selection of enterprises within the strata was carried out randomly. The total sample was distributed between these sampling "cells" in a way that does not follow the actual distribution of businesses within the coverage zone: larger businesses were intentionally "over-sampled" in order to get meaningful results for each sample segment. Results are not weighted; they reflect estimates of the results corresponding to the above described composition of enterprises.

The person interviewed in each company was a top executive of the (local affiliate) of the enterprise, or the person designated to coordinate preparations for the changeover, or the head of finance and/or administration department. The survey interviewed 191 "CEO" or branch managers, 141 Heads of Finance and/or Administration and 43 other top executives, including 4 Euro-coordinators.

In this report we briefly present the comparisons of the questions that were asked in the previous survey. We emphasize that the data under the Flash Eurobarometer 195 were collected in November

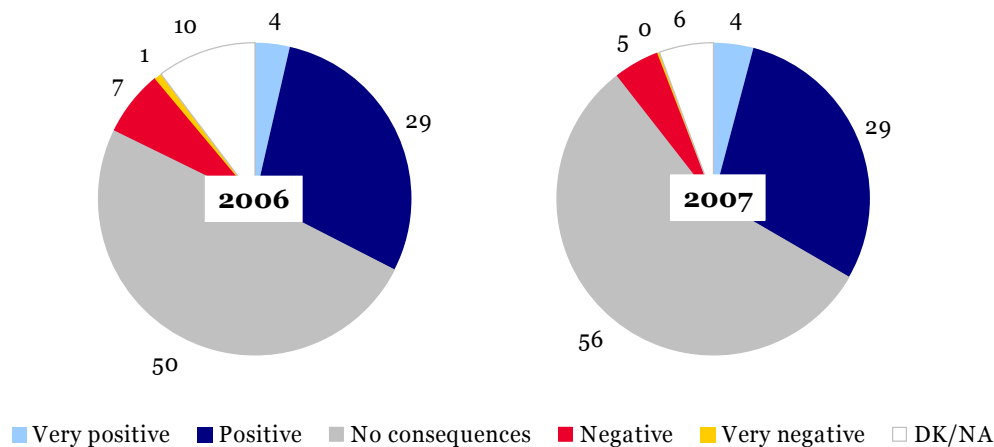
2006, i.e. before the changeover, while the data under the current survey were collected in February 2007, after the euro introduction in Slovenia.

Evaluation of consequences of the changeover

The changeover to the euro posed a massive challenge to enterprises. The Slovenian business community continues to perceive its effects as being positive. A third of the enterprises foresee positive consequences in the medium to long term while only 5% expect negative effects. The ratio of enterprises expecting positive (or very positive) consequences did not change since November 2006; however the ratio of those expecting negative consequences decreased slightly.

Consequently, the ratio of those saying they expect no consequences or the ratio of those who could not decide or did not want to answer this question changed as well. The first ratio increased (+6), and the latter ratio decreased (-4) since November 2006.

Consequences of the introduction of the euro for the enterprise in the medium to long term, 2006-2007



Q5 (2007/2006). Which consequences will the introduction of the euro have for your enterprise in the medium to long term?
% all enterprises

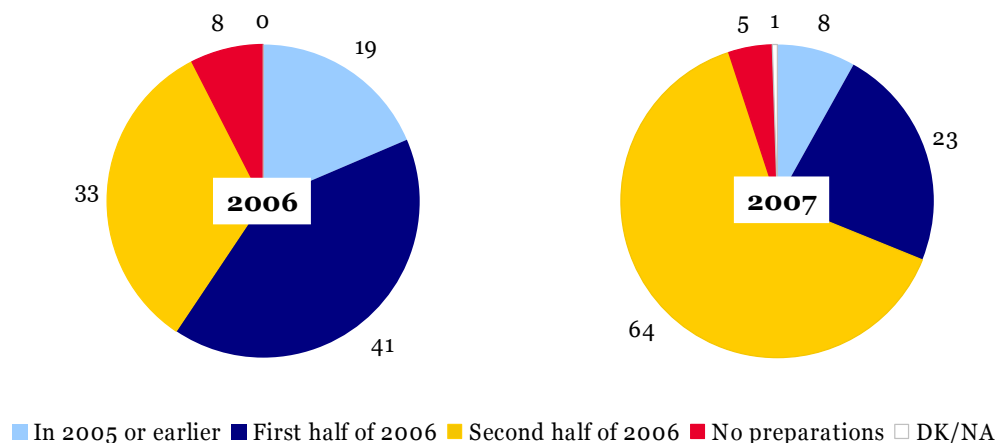
Preparations

In February 2007 two thirds of the companies mentioned that they had started their preparations for the changeover in the second half of the year 2006 (64%). One quarter of enterprises mentioned having started their preparations in the first half of 2006 (23%), and 8% said they started in 2005 or earlier.

We got a slightly different picture when we analysed the results for this question in November 2006, three months before the present survey. The largest segment of companies said then that they had commenced preparations for the euro changeover in the first half of 2006 (41%); a third in the second half of that year (33%) and a fifth in 2005 or earlier (19%). While it might have been expected that the ratios for in '2005 or earlier' and in the 'first half of 2006' are the same in November 2006 and in February 2007, the discrepancies are rather high.

In the current survey 5% of the companies stated that they had not yet made any preparations (this figure was 8% in November 2006).

Prepare the enterprise for the changeover of the euro, 2006-2007



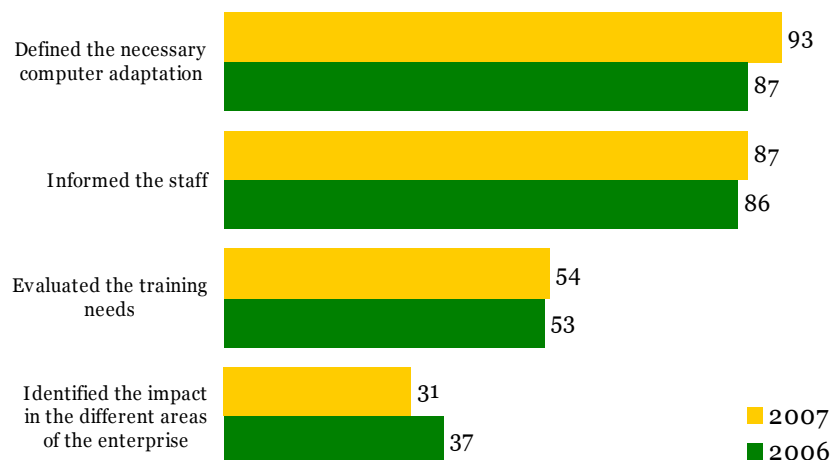
Q1 (2007/2006). When did you start / have you started to prepare your enterprise for the changeover to the euro?
% all enterprises

The overwhelming majority of respondents said that they had *defined the necessary computer adaptations* (93%), and a large majority said they *informed their staff* (87%). The companies had applied these two preparatory steps in the highest numbers in November 2006 as well; however, more respondents in total mentioned them today than did four months before (+6 and +1).

More than half of the company managers said during both surveys that they had evaluated the necessary training needs of their staff (54% in 2007), slightly more than in November 2006 (53%).

A lower proportion (in comparison to the other measures as well as to the previous survey), 31% of company representatives said that they had identified the impact of the changeover in the different areas of their respective enterprises. This is the only preparatory step that was mentioned by fewer companies in February 2007 than in November 2006.

Ways of preparation for the euro changeover, 2006-2007

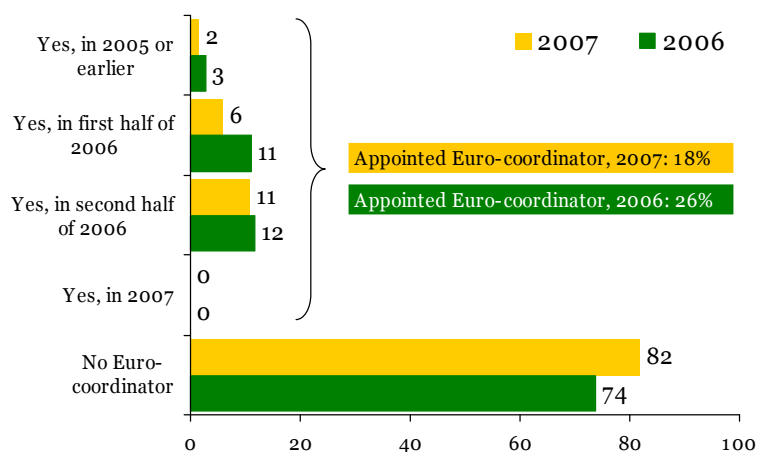


Q2 (2007/2006). As regards the changeover to the euro, had/have you ...?
% of yes, all enterprises

Eight out of ten companies have not assigned the task of coordinating and supervising the changeover preparations to a Euro-coordinator or a person specifically dealing with the internal preparations (82%). This ratio is even higher than in November 2006 (+8). Consequently, less representatives of companies surveyed indicated having done so than in November 2006 (18% vs. 26%).

Six percent of enterprises said that their Euro-coordinators were appointed in the first half of 2006 (-5), while 11% said it had been done in the second half of 2006 (-1). A mere 2% said that they appointed such coordinators in 2005 or earlier (-1). None of the companies mentioned having appointed a Euro-coordinator in 2007.

Appointing a „Euro-coordinator” who coordinates the preparations to the euro changeover



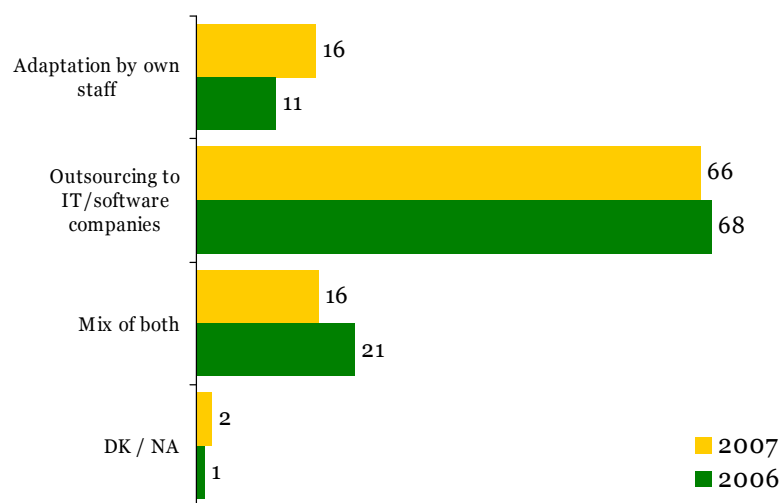
Q3. Did you appoint a "Euro-coordinator", a "Euro Project Manager" or in general a person in charge of coordinating your enterprise's changeover preparations?
Q4. When did you appoint the "Euro-coordinator", the "Euro Project Manager" or in general a person in charge of coordinating your enterprise's changeover preparations?
% all enterprises

Adaptation of computer systems to the introduction of the euro

In preparation for the introduction of the euro, the majority of companies use external IT/software companies (66%) to adapt their computer systems. Only 16% of the companies claimed that they would handle the computer system adaptation in-house. The same number of companies said that they intend to adapt their computer systems using both in-house capacities and outside firms (16%).

Slightly fewer companies said that they used outsourced IT/software companies in 2007 (66%) than in November 2006 (68%). In 2007 more representatives of enterprises mentioned that the adaptation would be completed by their own staff (16% vs. 11%). At the same time, there are fewer companies which use a combination of approaches to the computer system adaptation in 2007 than in 2006 (16% vs. 21%).

Ways of adaptation of the computer systems with respect to the introduction of the euro, 2006-2007



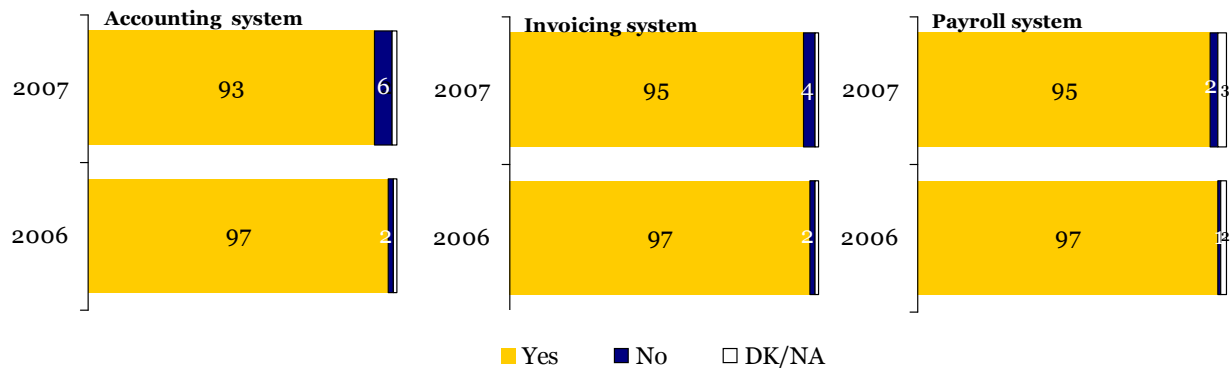
Q6 (2007/2006). As regards the adaptation of your computer systems with respect to the introduction of the euro, how did/will / do you proceed?
% all enterprises

Company managers were asked to evaluate their company's different computer systems (accounting, invoicing, and payroll systems) in terms of their preparedness for the changeover. More than nine out of ten companies were ready for switching to the euro on 1 January 2007 with regard to their computer systems. However, slightly fewer respondents confirmed in February 2007 that their systems were ready for switching to the euro on €-day than expected in November 2006 that their systems would be ready.

93% of the companies claim that their *accounting system* was ready for the switchover on 1 January 2007, while 97% of enterprises expected this in November 2006. 95% of the companies said the same about their *invoicing system* in February 2007, while in November 2006 this ratio was 97% 99%??. We observed very similar figures regarding the preparedness of *payroll systems* of the companies: 95% of enterprises in 2007, and 97% of enterprises in 2006 agreed that they were prepared for the changeover.

There are only a few enterprises whose systems were not ready for switching to the euro on 1 January 2007,; 6% weren't ready at the current time as regards their accounting system (+4), 4% as regards their invoicing system (+2) and 2% as regards their payroll system (+1).

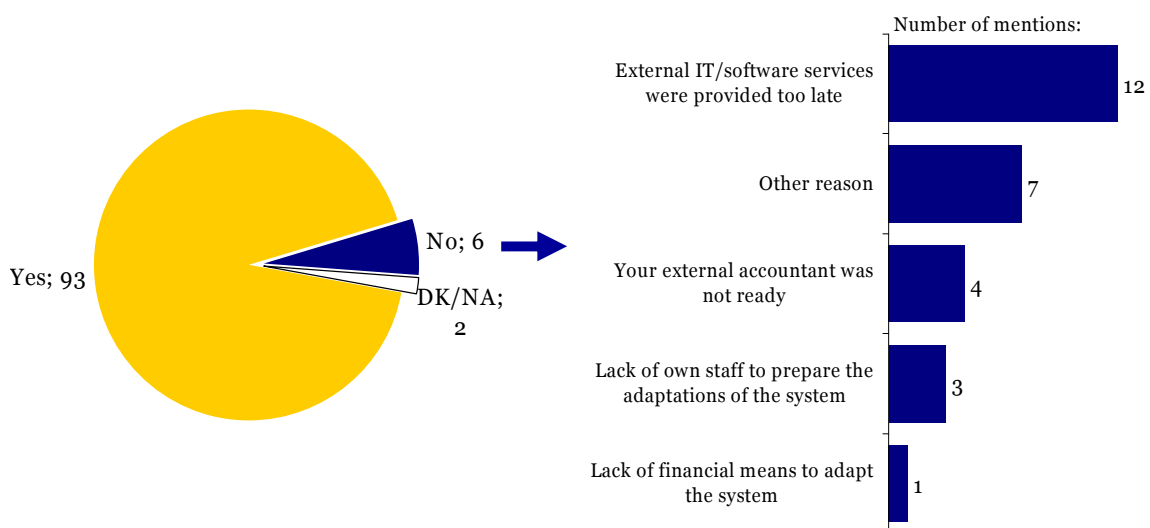
Readiness of accounting/invoicing/payroll system for switching to the euro on 1 January 2007



Q7/Q9/Q11. Was your accounting/invoicing/payroll system ready for switching to the euro on 1 January 2007?
% all enterprises

There are *different reasons why* the accounting systems of certain enterprises were not ready for switching to the euro on time. (In total, 22 companies were not ready with the preparation of their accounting system). 12 companies claimed that the external IT/software services were provided too late. Somewhat fewer respondents mentioned that their external accountant was not ready (4), or that they did not have (enough) own staff to prepare the system adaptations (3), while one company referred to a lack of financial means necessary to adapt the system. 7 companies claimed other reasons. In November 2006 the company managers were most likely to state that their accounting system would not be prepared for the changeover to the euro because external IT/software services were provided too late by their contractor or because the external accountant would not be ready.

Readiness of accounting system for switching to the euro on 1 January 2007

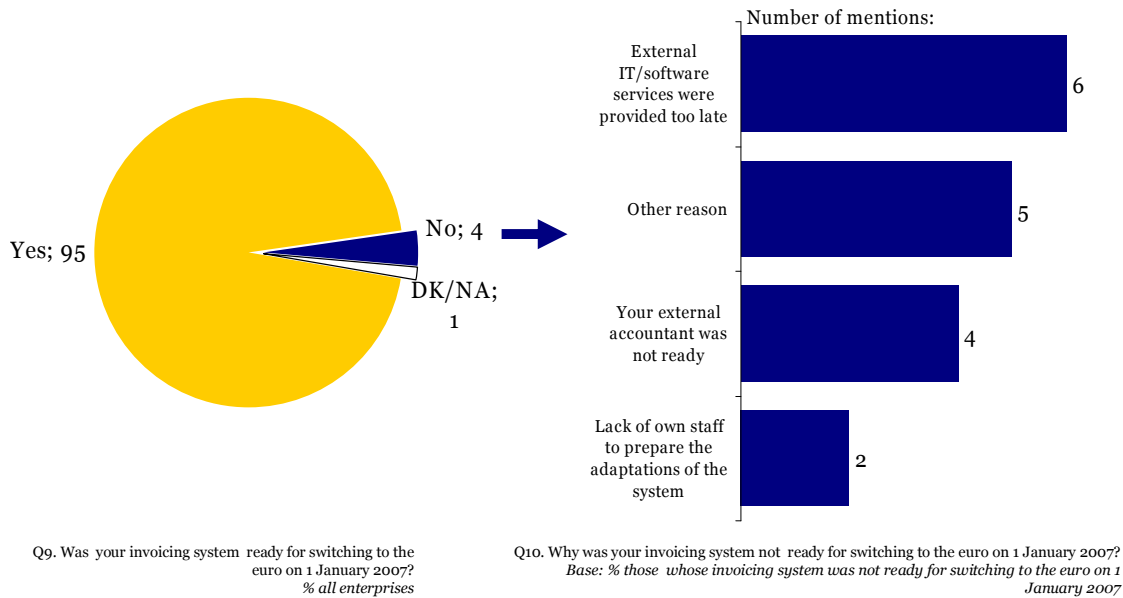


Q7. Was your accounting system ready for switching to the euro on 1 January 2007?
% all enterprises

Q8. Why was your accounting system not ready for switching to the euro on 1 January 2007?
Base: % those whose accounting system was not ready for switching to the euro on 1 January 2007

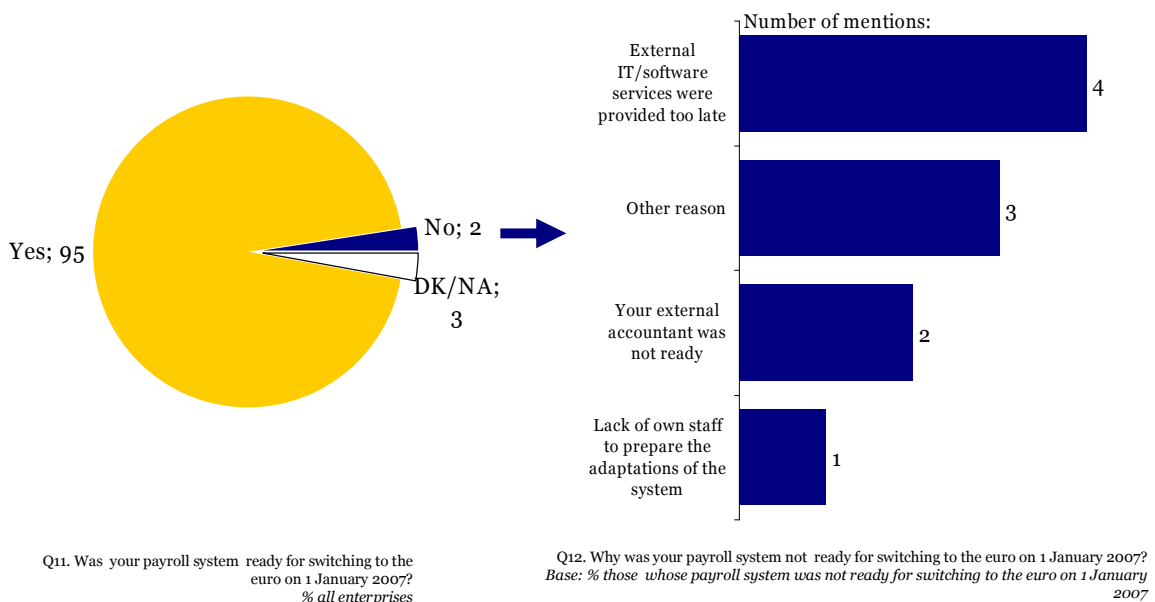
In total, the invoicing system of 14 enterprises was not prepared for the switch to the euro on €-day. The reasons for not being prepared are similar to those regarding the accounting system. 6 respondents said they were not prepared because the external IT/software services were provided too late; 4 respondents blamed their external accountant, while 2 companies’ representatives cited the failure of their own staff to prepare the adaptation. 5 respondents referred to a reason not mentioned in the questionnaire.

Readiness of invoicing system for switching to the euro on 1 January 2007



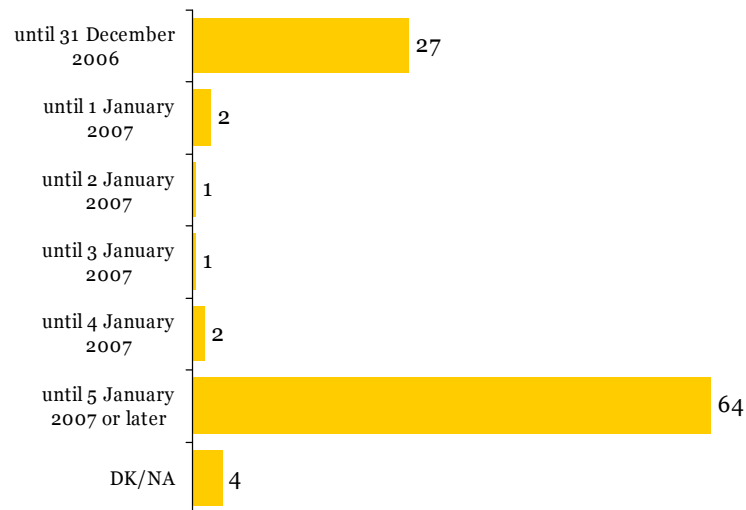
The few companies (9) whose payroll system was not ready for the timely switchover cite similar reasons: because the external IT/software services were provided too late (4 mentions), because the external accountant was not ready (2 mentions), because of the lack of in house staff who could help in preparations (1 mention) or because of other reasons (3 mentions).

Readiness of payroll system for switching to the euro on 1 January 2007



The majority of the Slovenian companies received invoices in tolar from their business partners until January 5 or later (64%). However, 27% of companies, the second largest segment, claim they received the invoices in tolar only until the end of the year 2006. There are in total 5% of companies who received invoices in tolar between 1 and 4 January 2007 and 4% who did not answer the question. This question was not asked in November 2006 so there is no trend data for comparison.

Timeframe for receiving invoices in tolar

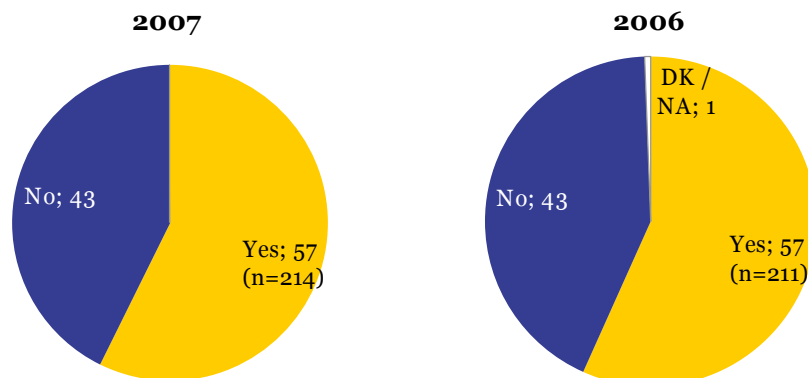


Q13. Until when did you receive invoices (from your business partners) in tolar?
% all enterprises

Cash issues

The cash related questions (sub-frontloading, change in euro and return of national cash) were asked only to those companies that have direct cash operations with customers. While in 2007 214 companies had direct cash relations with their customers (57,1%), in November 2006 211 companies said the same (56,6%).

Being a retail enterprise or having direct financial relations involving cash operations with consumers



Q14 (2007)/Q13 (2006). Is your enterprise a retail enterprise (e.g. shop, supermarket, etc) or does your enterprise have direct financial relations involving cash operations with consumers?
% all enterprises

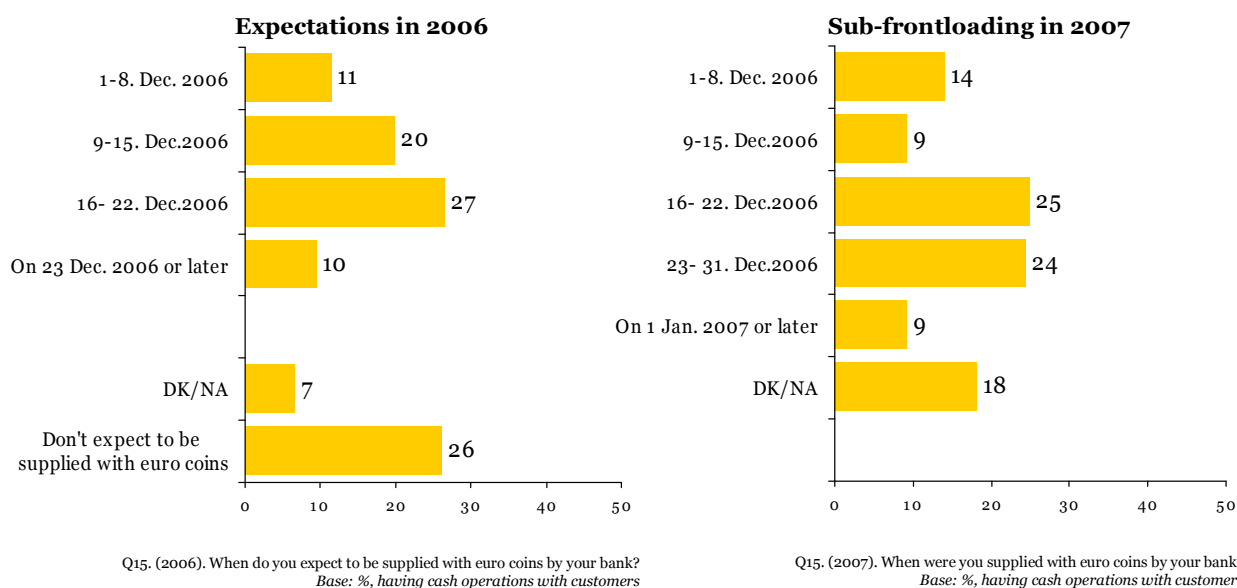
Sub-frontloading

Among those enterprises that have cash operations with customers, a quarter were supplied with **euro coins** between 16 – 22 of December 2006 (25%) and another quarter were supplied between 23-31 of December 2006 (24%). 23% of the companies concerned claim their sub-frontloading with euro coins was completed between 1 – 15 of December 2006. Only 9% of the companies with direct cash operations mentioned that they were supplied with euro coins only as of 1 January 2007 or later. There is a quite large ratio of companies with direct cash relations who could not or didn't want to answer the question (18%).

Direct comparison cannot be made with the data from November 2006 because at that time we asked when the companies with direct cash operations *expected to be supplied* with euro coins¹. A quarter of the companies did not expect to be supplied with euro coins in November 2006 (26%). As we present in the following paragraph, rather large differences were found between the expectations and actual sub-frontloading with euro coins.

While 23% of the companies with cash operations claimed in February 2007 that they *were supplied* with euro coins in the first half of December 2006, namely between 1 and 15 of December, three months ago there were 31% of companies with direct cash operations *expecting* this to be the case. On the other hand, while a third of the companies with direct cash operations *were supplied* with euro coins 23 December 2006 or later (altogether 33%, most of them still in 2006), about one tenth of the enterprises with cash operations *expected* three months ago to be frontloaded with euro coins only on 23 December 2006 or later (10%).

Expectations (2006) and actual sub-frontloading (2007) with euro coins by the bank of the enterprise



¹ In November 2006 there was a supplementary question in the questionnaire asking the companies with direct cash operations whether or not they expected to be supplied with **euro coins**; only if they answered with yes, they were asked when they expected this to happen.

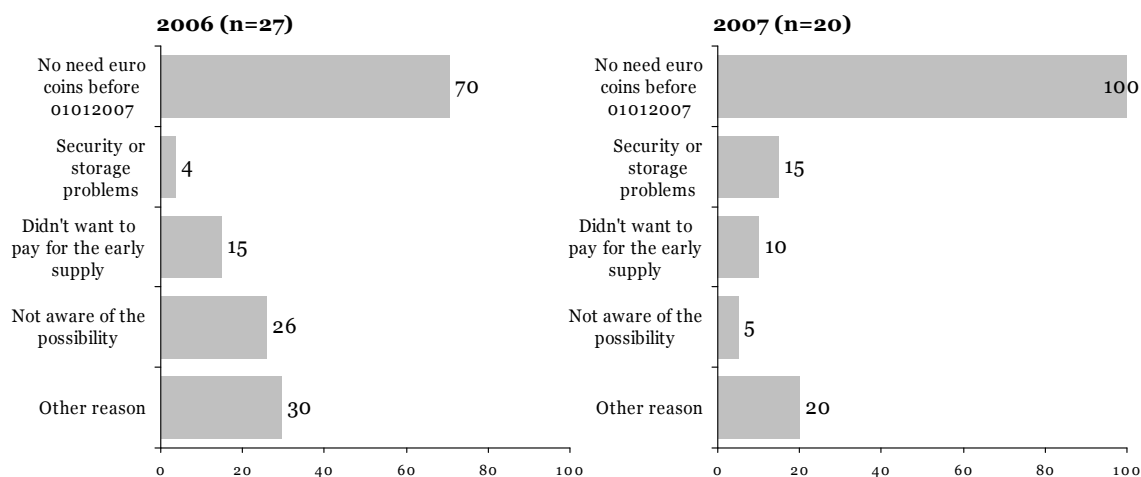
The managers of companies with direct cash relations who were supplied with euro coins on 1 January 2007 or later were also asked about the *reasons for not being supplied with euro cash before 1 January 2007*.

In February 2007 in total 20 companies (among those with direct cash operations) answered that their banks supplied them with euro coins only on 1 January 2007 or later. All of these 20 companies claim they saw no need for this; three of them underlined that they were not supplied with euro coins due to security and storage problems; and two didn't want to pay for the early supply. One of these companies was not aware of the possibility.

When comparing the results with the data from November 2006, it should be considered that the wording of the question was not exactly the same in February 2007. In 2006 we asked those companies who *didn't expect to be supplied with euro coins before 1 January 2007*, while in 2007 we asked those who *were supplied with euro coins on 1 January 2007 or later*.

In November 2006 there were 27 companies with direct cash relations not expecting to be supplied with euro coins before 1 January 2007. Similarly to the reasons most mentioned in February 2007, in November 2006 most of these companies underlined that they saw no need to be supplied with euro coins before 1 January 2007 (19 companies; 20 out of 27 companies in 2007). In November 2006, 1 company cited the security and storage problems, while 3 companies did so in 2007. 4 enterprises said they didn't want to pay for the early supply (while 2 companies referred to this reason in 2007), and 7 companies said they were not aware of the possibility (only 1 company said so in 2007).

Reasons for not being supplied with euro coins by banks before 1 January 2007



Q16. (2006). Why will you NOT be supplied with euro coins before 1 January 2007?
Base: %, who do not expect to be supplied with euro coins before 1 January 2007
(Q14=2)

Q16. (2007). I am going to read you several reasons, please tell me for each of them if it was an important or not important reason, why were you NOT supplied with euro coins before 1 January 2007?
Base: %, those who were supplied with euro coins by their bank on 1 January 2007 or later (Q15=5)

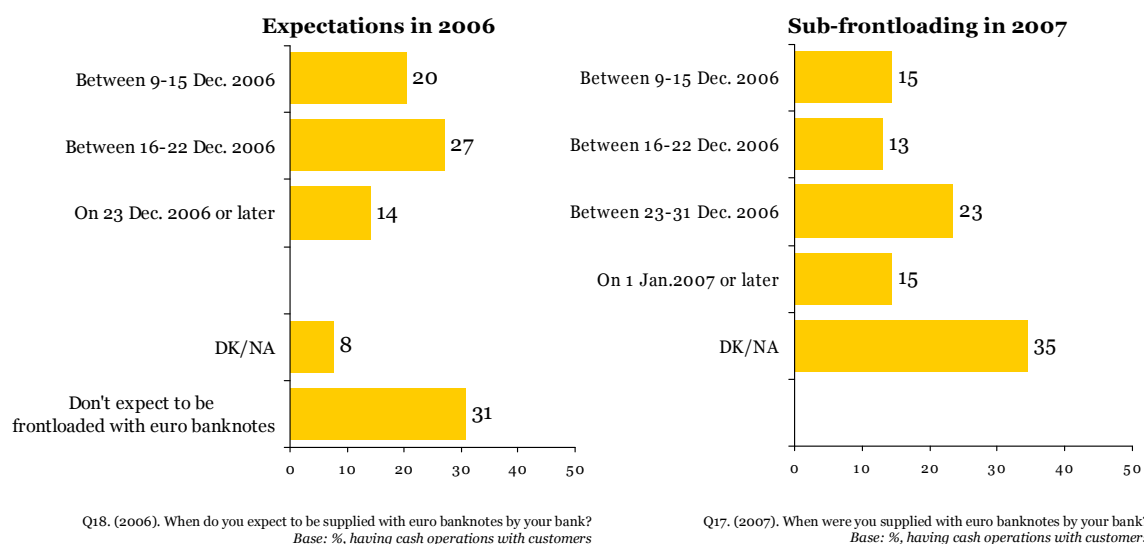
Similarly, the companies with direct cash relationships with their customers were asked when they were supplied with **euro banknotes** and why, where applicable, they were supplied with them “only” as from 1 January 2007 (and NOT before this date).

More than one third of the Slovenian companies concerned didn't know (or didn't want to say) when they were supplied with euro banknotes (35%). The highest number of companies said they were supplied with euro banknotes in the second half of December 2006. Fewer companies were supplied with euro banknotes in the first half of December (28%); while the least number were supplied on 1 January 2007 or later (15%).

When we compare these figures to those from November 2006 we should bear in mind that direct comparison is not possible, because in 2006 we asked about the expectations and not about the actual sub-frontloading with euro banknotes². The largest segment, almost one third of the companies with cash operations, said in November 2006 that they did not expect to be supplied with euro banknotes by their banks (31%). And 8% of these enterprises' representatives did not answer this question at that time. We want to emphasize that in February 2007 35% of the companies with cash operations did not answer the question when they were supplied with euro banknotes.

Similarly to what we saw regarding euro coins, large discrepancies are present between the expected dates and dates of actual frontloading with euro banknotes among enterprises with cash operations. While the majority of companies with cash operations *expected to be supplied* with euro banknotes between 9 and 22 of December 2006 (47%), only 28% of the companies *were actually supplied* in this period. And while only 14% of the enterprises with cash operations *believed* in November 2006 that they would receive banknotes after 23 December 2006, 38% of companies claimed in February 2007 that they *were actually supplied* on 23 December or later (15% even only in January).

Expectations (2006) and actual sub-frontloading (2007) with euro banknotes



The managers of companies engaged in retail trade or direct financial transactions with customers involving cash that were supplied with euro banknotes on 1 January 2007 or later were also asked why *they were not supplied with euro cash before 1 January 2007*.

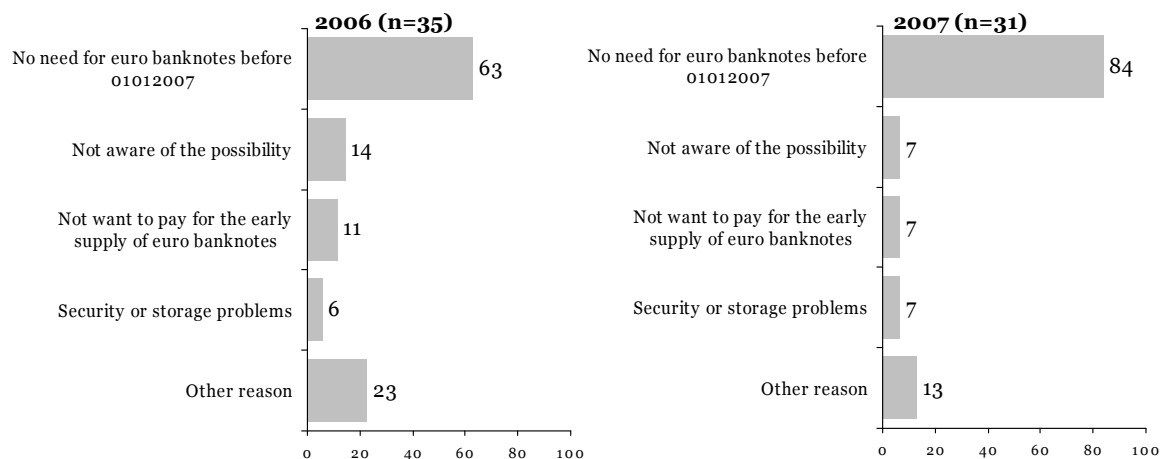
² In November 2006 there was a supplementary question regarding the euro banknotes in the questionnaire given to companies with direct cash operations about whether or not they expected to be supplied with euro banknotes; only if they answered with yes, they were asked when they expected this to happen.

Most of them underlined that they saw no need for it (84%); 7% emphasized a lack of awareness of this possibility; 7% expressed their unwillingness to pay for the early supply or security and storage problems. 13% of companies supplied with euro banknotes only after 1 January 2007 mentioned that this was due to other reasons (not included in the questionnaire).

As was the case regarding the question on euro coins, direct comparison with data from November 2006 cannot be done with regard to the euro banknotes, because the wording of the questions was slightly different (again, in 2006 we asked those companies who *didn't expect to be supplied with euro coins before 1 January 2007*, while in 2007 we asked those who *were supplied with euro coins on 1 January 2007 or later*).

In November 2006 there were 35 companies with direct cash relations not expecting to be supplied with euro banknotes before 1 January 2007. In November 2006 fewer companies felt this way than did in 2007, but again the highest ratio said they saw no need for an early supply of euro banknotes (before 1 January 2007) (63%). 14% were not aware at that time of the possibility and 11% did not want to pay for it (in 2007, 7% of such companies mentioned these reasons). In November 2006, 6% of the companies not expecting to be supplied with euro banknotes before 1 January 2007 mentioned security and storage problems (7% in 2007). Reasons other than those presented in the questionnaire were mentioned by 23% of the companies not expecting to be supplied with euro banknotes before 1 January 2007 at that time.

Reasons for not being supplied with euro banknotes by banks before 1 January 2007



Q19. (2006). Why will you NOT be supplied with euro banknotes before 1 January 2007?
Base: %, who do not expect to be supplied with euro banknotes before 1 January 2007
(Q17=2)

Q18. (2007). I am going to read you several reasons, please tell me for each of them if it was an important or not important reason, why were you NOT supplied with euro banknotes before 1 January 2007?
Base: %, those who were supplied with euro banknotes on 1 January 2007 or later (Q17=4)

Change in euro

The survey also asked retail enterprises and companies with direct financial relations involving cash operations with consumers when they fully switched to giving change exclusively in euro. On 1 January 2007, the majority of these companies switched completely (56%). One fifth of representatives of such companies said they gave change only in euro as of the 2nd or 3rd of January

2007 (19%), while 15% switched completely to the euro between the 4th and 14th of January 2007 (The 3rd of January was the first working day in 2007). 5% of companies with cash operations said that they switched to giving change exclusively in euro later than on 14th of January 2007.

Three months ago, in November 2006, we asked the companies with cash operations only about *their expectations*: when they intended to switch completely to giving change exclusively in euro. There was also a screen inserted in the questionnaire: we asked the companies with cash operations how they intend to give change from 1 January 2007: in euro, in tolar or mixed (euro and tolar). And only those who said they will give the change in tolar or mixed in tolar and euro were asked the remainder of the question (when they expect the full switch to occur). Therefore, direct comparison is not possible between the answers from these two surveys.

Looking at *plans* of the companies with cash operations in November 2006, three quarters of them intended to give change in euro from the 1st of January 2007 (75%). However, three months later, “only” 56% of these companies said that they *switched completely* to giving change in euro on the 1st of January 2007.

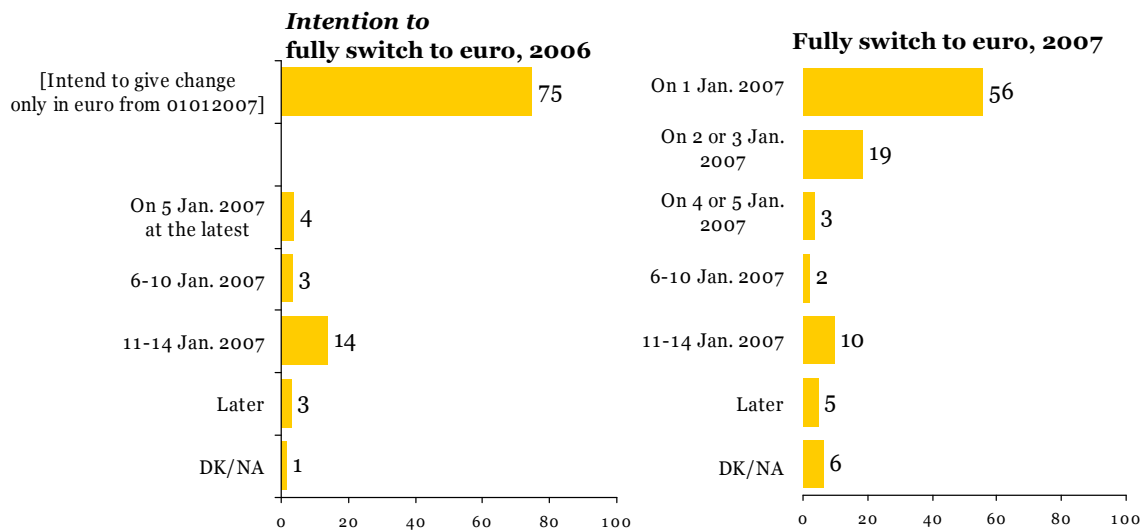
4% of the companies with cash operations *planned* to have switched completely to giving change in the euro by the 5th of January 2007 at the latest. But 19% of the companies with cash operations answered in February 2007 that they *gave change* exclusively in euro from the 2nd or 3rd of January 2007; and another 3% answered that they did so starting on the 4th or 5th of January (in total, 22% of companies with cash operations fully switched to giving change exclusively in euro between the 2nd and the 5th of January 2007).

17% of the companies with cash operations *planned* in November 2006 to give change exclusively in euro starting from the 6th to the 14th of January 2007; and 12% of companies with cash operations point to this date in February 2007 as to when *they fully switched* to doing so.

There were only 3% of companies with cash operations in November 2006 who *intended to fully switch* to giving change in euros later than the 14th of January 2007. And a similar ratio of companies with cash operations said in February 2007 they *really did so* later than the 14th of January 2007 (5%).

There were fewer companies in November 2006 who did not answer the question about the expected date at which they would switch to giving change exclusively in euro than there were companies in February 2007 unable to say when they switched to giving change exclusively in euro (1% vs. 6%).

Giving change exclusively in euro

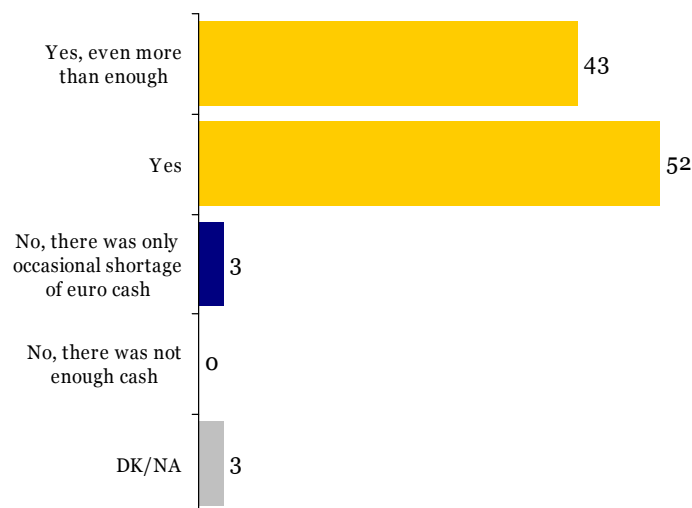


Q21. (2006). When do you intend to fully switch to giving change exclusively in euro?
Base: %, having cash operations with customers

Q19. (2007). When did you fully switch to giving change exclusively in euro?
Base: %, having cash operations with customers

The overwhelming majority of the companies with cash operations with their customers mentioned that they had enough euro cash in the first week of January 2007. Moreover, 43% said they had more than enough. There were only 3% of companies with cash operations who claimed there was an occasional shortage of euro cash (6 companies in total). None of these companies said they did not have enough cash in the first weeks of January 2007.

Having enough euro cash in the first week of January 2007



Q20. For your day-to-day transactions in the first week of January 2007, did you have enough euro cash?
Base: %, having cash operations with customers

The six companies citing occasional shortages of euro cash were asked *why they didn't have enough cash*. Among the reasons most mentioned were that large numbers of customers still paid with tolar cash (4 mentions) and that large numbers of customers paid with large tolar banknotes (4 mentions). 3

of the respondents said that because of the large number of customers paying with large euro banknotes (50 € or larger denominations) they did not have enough euro cash. All other reasons were mentioned by one or two respondents:

- not being supplied at all with euro cash before 1 January 2007 by the bank (2)
- not having received enough euro cash before 1 January 2007 from the bank (2)
- not having requested enough euro cash from the bank as of 1 January 2007 (1)
- other reason (1).

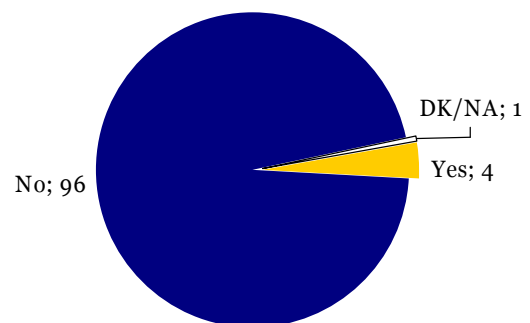
The question was not asked in November 2006.

Return of national cash

Only 4% of the companies with cash operations experienced problems with the return of national cash to their bank (8 companies in total). 96% of the companies did not experience any problems.

Among the problems the respondents mentioned, late crediting by their bank for returned cash was emphasized the most (3 mentions). And 1 respondent cited cash storage problems in their business. Lastly, 4 respondents said they experienced problems other than those presented to them in the questionnaire (the problems presented in the questionnaire are: cash transport problems, cash storage problems, security problems, and late crediting by the bank for returned cash).

Experiencing problems with the return of national cash to the bank



Q22. Did you experience problems with the return of national cash to your bank?
Base: %, having cash operations with customers

Price policy

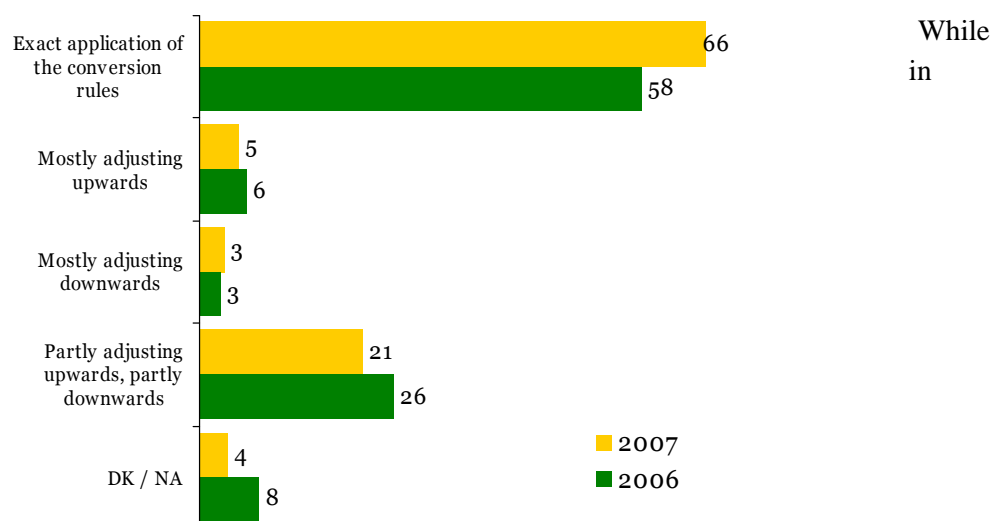
With a view to the changeover, enterprises had to establish their prices in euro. This chapter considers how companies switched to euro prices, how they calculated “psychological prices” (such as 599 tolar) in euro, when they established their prices in euro, and until when they intend to use dual displays or prices.

We emphasize again that one should be careful when considering any direct comparison between the figures from February 2007 and November 2006 because of the different wording of the questions. In November 2006 we asked about plans and intentions, while in 2007 we asked about the actual proceedings.

Similarly to the plans generally stated in November 2006, the majority of companies *didn't proceed with further adjustments* in calculating psychological prices; they changed tolar to euro in accordance with the conversion rules (66%). In November 2006, however, somewhat fewer enterprises planned to use the exact application of the conversion rules (58%). The second highest proportion, one fifth of company managers, said they *partly adjusted upwards and partly adjusted downwards* these prices (21%). This was rather similar to the proportion of company managers who had planned the same in November 2006: 26% of company managers intended to use this “unbiased” approach at that time. 5% of company managers *mostly adjusted up* (6% intended to do so in November 2006) and 3% *mostly adjusted down* (3% had also planned to do so in November 2006) when changing "psychological prices" from tolar to euro.

In February 2007, 4% of companies did not tell us how they proceeded with the adjustment of prices. However, slightly more respondents (8%) did not answer in November 2006 when we asked about intentions.

Adjustment of the „psychological” prices when establishing the prices in euro, 2006-2007



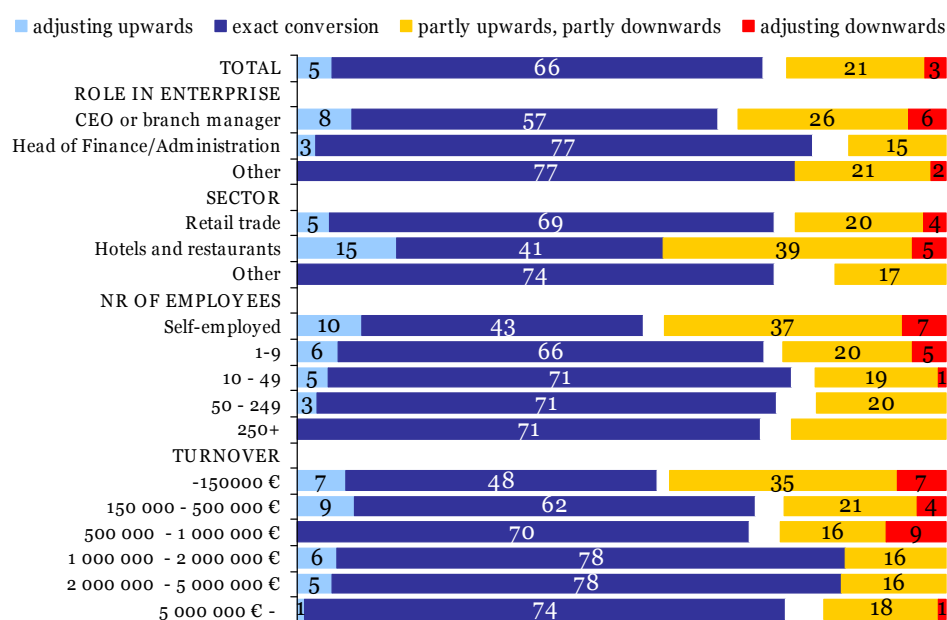
Q24 (2007). When you established your prices in euro, how did you proceed for the adjustment of "psychological" prices, such as 599 tolar, which due to the application of the conversion rules would result in awkward amounts in euro?

Q23 (2006). When you established (or when you will establish) your prices in euro, how did (will) you proceed for the adjustment of "psychological" prices, such as 599 tolar, which due to the application of the conversion rules would result in awkward amounts in euro?
% all enterprises

In general, the majority in each enterprise segment claimed they used the *exact conversion* rules when adjusting psychological prices such as 599 tolar. The second most generally selected approach in this matter across all different segments is that of a *neutral approach*, partly adjusting upwards and partly downwards. The companies from the hospitality sector, the self-employed and the companies with the lowest annual turnover were relatively more likely to mention this approach. However, relatively more respondents from the hotel/restaurant sector and among the self-employed did say that they would rather *adjust their prices upwards*, as well.

The smaller enterprises by size and annual turnover were the most likely to adjust their psychological prices *downwards* after the changeover.

Adjustment of the „psychological” prices when establishing prices in euro



Q24 . When you established your prices in euro, how did you proceed for the adjustment of "psychological" prices, such as 599 tolar, which due to the application of the conversion rules would result in awkward amounts in euro?
% by enterprise characteristics

While in November 2006 we asked the companies when they established *or* when they would establish their prices in euro (allowing for the possibility of a future time as well), in February 2006 we only asked when they did establish their prices in euro (past tense only). There are only a few answer categories in which we notice much difference between November 2006 and February 2007.

The conversion rate between the euro and the tolar was fixed on the 11th of July 2006. However, the highest segment of companies surveyed had already established the prices (or most prices) for their products and services in euro before this date (46%). The majority of enterprises at both times (November 2006 and February 2007) stated that they had established their prices before the 11th of July 2006, although slightly fewer had this response in February. (56% and 46%)

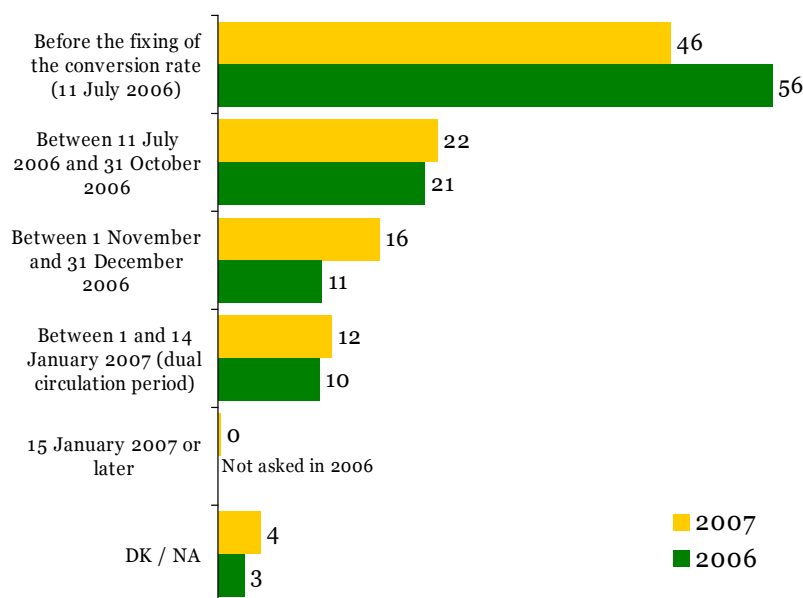
One-fifth of the companies started providing prices in euro between the 11th of July and the 31st of October 2006 (22%), while 16% did so between the 1st of November and the 31st of December 2006. While there are not significant differences in the ratio of companies planning to establish and

establishing their prices in euro between the 11th of July and the 31st of October 2006, less companies planned to do so in the period between the 1st of November and the 31st of December 2006 in 2007 than actually did so in 2006 (11% vs. 16%).

In February 2007 12% of the companies surveyed mentioned to have established their prices in euro between the 1st and 14th of January 2007, in the dual circulation period; while 10% intended to do so three month before. Only one company said in February 2007 that they had presented their prices in euro only on 15th of January 2007 or later.

4% of companies' managers did not answer the question in February 2007; this figure was 3% in November 2006.

Timeframe for establishing the prices in euro, 2006-2007



Q25 (2007). When did you establish your prices (or the prices of the majority of your products/services) in euro?
 Q24 (2006). When did you establish your prices (or the prices of the majority of your products/services) in euro or when will you do so?
 % all enterprises

Most enterprises did not face any problems with the dual display of prices. However, in February 2007 a slightly higher number of companies reported problems than did so in November 2006.

The problem faced by the highest percentage of company managers (25%) was that dual pricing was too time consuming. In November 2006 this problem was also the most likely to be mentioned, but by only 19% of respondents.

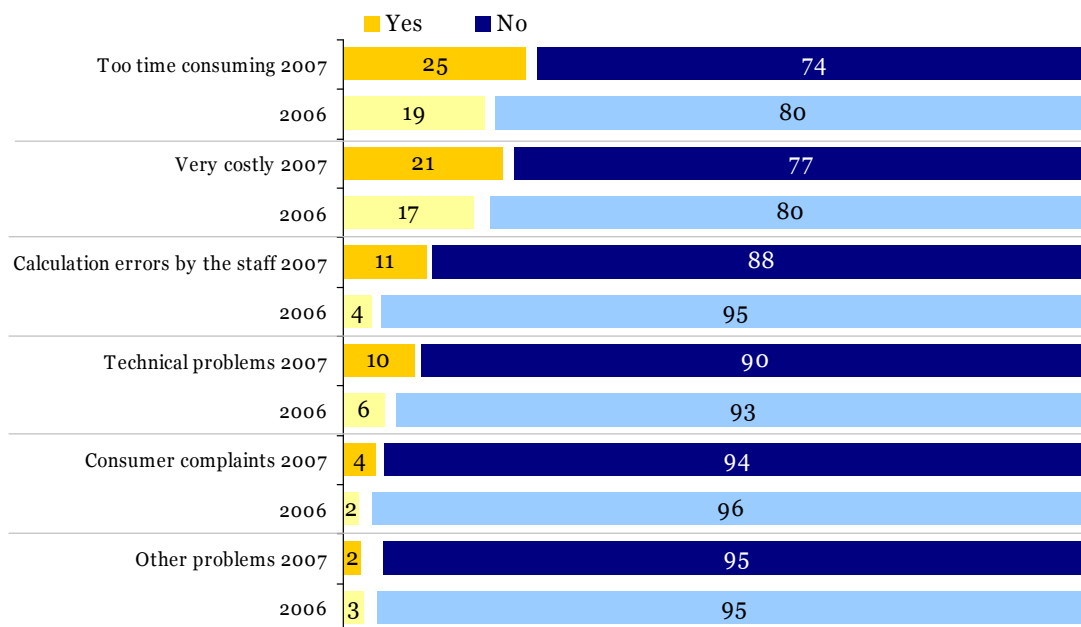
One fifth of managers said it was too costly to implement dual price displays (21%); in November 2006 only 17% of enterprises considered this a problem.

One tenth of managers stressed calculation errors by staff (11%) and technical problems (10%). These figures were only 4 and 6% in November 2006.

Small proportions of managers had concerns about consumer complaints (4%), and an even smaller proportion of the managers mentioned problems other than those presented to them in the

questionnaire (2%). In November 2006 these difficulties were also mentioned by only a few company representatives (2% and 3%, respectively).

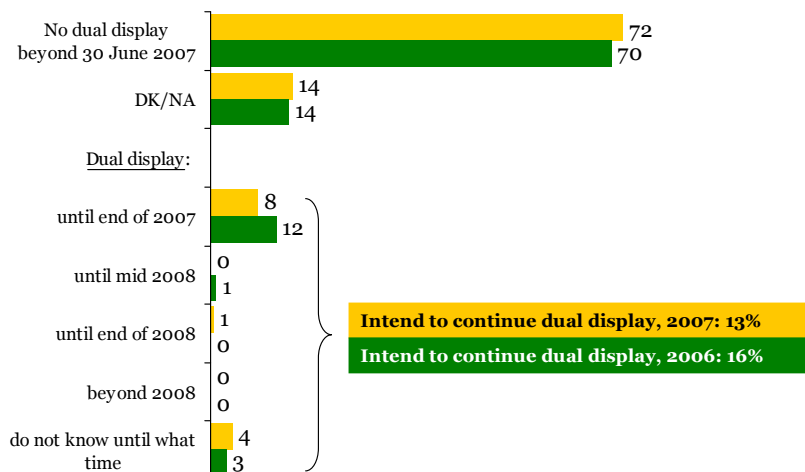
Facing problems concerning the dual displays of prices, 2006-2007



Q26 (2007)/Q25 (2006). Have you faced /Are you facing any of the following problems or difficulties concerning the dual display of prices?
% all enterprises

When asked if they intend to continue the use of dual price displays beyond the period stipulated by law (ending on the 30th of June 2007), nearly three-quarters of the companies (72%) said they did not. 14% could not or did not want to answer this question, while 13% said that they intend to use dual price displays beyond this date; of those, most plan to do so until the end of 2007 (8% of all enterprises).

Intention to continue the dual display of prices beyond 30 June 2007, 2006-2007



Q27. Do you intend to continue dual display (voluntarily) beyond the period during which it is required by law (i.e. 30 June 2007)?
Q28. Until when do you intend to continue dual display (voluntarily)?
% all enterprises

As the figures from November 2006 show, the attitudes regarding the timeframe for dual display of prices have not change significantly. Three months ago 70% of managers said dual price displays would not be implemented beyond the 30th of June 2007. However, slightly more companies thought at that time that they would continue to display dual prices beyond the 30th of June 2007 (16% in November 2006, 13% in February 2007) – and 12% said that they would continue this until the end of 2007 (as compared to 8% saying so in February 2007).

1% of company managers claimed in both waves of the survey that they would use dual display of prices until the end of 2008; and none thought that they would do so beyond 2008.

In February 2007 4% of company managers did not know how long they would continue with dual price displays; this figure was 3% in November 2006.

Preferred distributors and information

Trust is a key factor in communicating information: people differentiate between possible sources of information based primarily on their assessments of how trustworthy the sources are. It is therefore essential to provide information related to the euro through channels that are widely trusted or preferred in specific countries. In Slovenia, as we saw in our previous measure, the most trusted and preferred source for information about the euro is the National Central Bank, the Banka Slovenije.

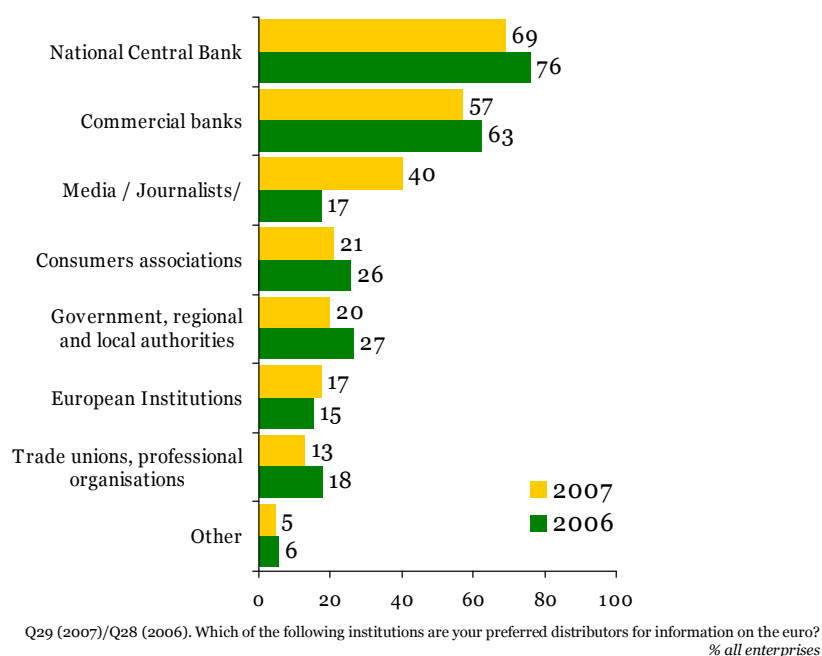
The preference for the National Central Bank is not unique to Slovenia, as previous measures of Flash Eurobarometer, carried out among the general European population, have already established³. By and large, the National Central Banks are the most trusted sources of information regarding the euro and the changeover.

The present survey asked about the preferred distributors for information about the euro and found that 69% of Slovenian enterprises look to the *National Central Bank*. This ratio is slightly lower than we measured three months ago, in November 2006 (76%).

Commercial banks are the second most likely to be chosen as a trusted source, as was the case in November 2006; they are mentioned by 57% of Slovenian enterprises as preferred distributors for information on the euro. This figure is again slightly lower than it was in November 2006 (63%).

In February 2007, *the media* are chosen as the next and third most preferred source. 40% of enterprises said that they turn to the media for information about the euro. Significantly more enterprises mentioned this source in comparison to November 2006, when *journalists* (and not the media!) were only the sixth most preferred source (17%). Direct comparison on this question between the two surveys is not possible.

Preferred distributors for information on the euro



³ See for example the Flash Eurobarometer 191 (and Flash Eurobarometer 195 survey carried out in Slovenia).

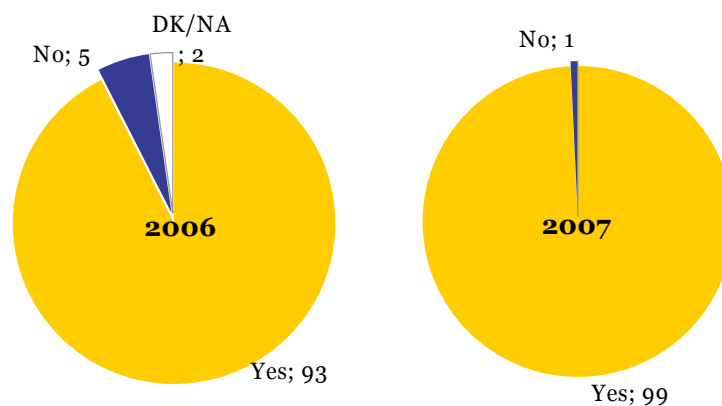
All other information sources are mentioned by no more than one fifth of the enterprises surveyed. *Consumer associations* (21%) and the *government, regional and local authorities* (20%) are mentioned by one fifth of companies; these sources of information are mentioned with less frequency than four months ago (-5 and -7, percentage points respectively).

It is not surprising that only 17% identified the *European institutions* as a preferred source as these institutions are not natural sources for information on country-specific details about the changeover (they were preferred by 15% in November 2006).

Trade unions and professional organizations are mentioned the least in February 2006 (13%) and this ratio is significantly lower than we found in November 2006 (18%). 5% of respondents preferred sources *other* than those mentioned (6% preferred *other* sources in November 2006).

A particularly high share of Slovenian enterprises feel well informed about the euro: almost all managers in Slovenia think they have received sufficient information regarding the euro and the changeover (99%). This ratio is even higher than it was in November 2006 (93%). Overall, only 1% believe that they did not receive sufficient information (5% felt this way in November 2006).

Receiving sufficient information on the euro and the changeover

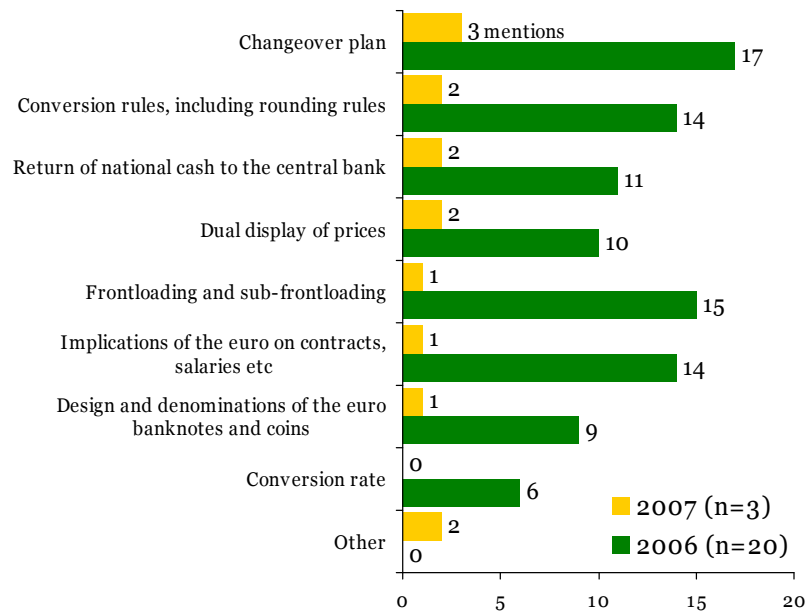


Q30 (2007)/Q29 (2006). Do you think that you have received sufficient information on the euro and the changeover?
% all enterprises

In this small second group, (3 companies in total) respondents would still like to have more information about the changeover scenario (3 mentions), about conversion rules (2 mentions), return of national cash (2 mentions) and dual display of prices (2 mentions). All other areas are mentioned by only one company (frontloading and sub-frontloading, implications of the euro for contracts and salaries, as well the denominations of euro cash). None of the enterprises wanted more information on the conversion rate in February 2007.

Three months before different areas were mentioned: the enterprises wanted more information on the changeover scenario, on frontloading and sub-frontloading, and on conversion rules; and some enterprises wanted information on the conversion rate.

Areas where more information need the Slovenian enterprises, mentions



Q31 (2007). / Q30 (2006). In which areas would you have like to receive more information?
 Base: those who think they do not have sufficient information on the euro and the changeover