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Currency conversion effects: Insights into tourist attitudes towards Croatia's entrance to the euro area

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ABSTRACT

This study examines tourists' attitudes toward prices in the Republic of Croatia following the transition from the Croatian kuna to the euro. It investigates how the currency change influences destination choice, perceptions of price stability, and overall tourism attitudes that shape a destination's competitiveness. A survey ($N = 939$) was conducted during the currency transition period to assess tourists' expectations of price changes and the broader impact of the conversion on Croatian tourism. The survey results show that while most respondents trusted the euro as a stable currency and did not view currency differences as a barrier, more than four fifths expected tourism prices in Croatia to increase after the changeover, and payment behaviour was shifting toward card-based and digital methods. These expectations of higher prices, particularly for tourism-related services, raise concerns about the future perception of Croatia's affordability and competitiveness. At the same time, the increased use of electronic payment methods suggests a move toward more seamless and modern transactional practices in the tourism sector. Overall, the research provides empirical insights into how currency conversion shapes tourists' perceptions, behaviours and offers a foundation for further inquiry into the real impact of the common currency on tourism dynamics in euro area member states.

KEYWORDS

Croatian tourism, euro adoption, euro area, tourist attitudes, currency change, euro effect

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1. Introduction

The Republic of Croatia has undergone significant changes in the 21st century. These include membership of the United Nations, entry into NATO and the European Union (EU), a visa-free regime for the USA, avoiding double taxation (Dwyer et al., 2017) and the joining of the Croatian territory with the help of the Pelješac Bridge. A fundamental change in 2023 was when Croatia introduced the second most-used currency in the world, the euro, thereby entering the euro area (EA) and becoming part of Schengen (European Central Bank [ECB], n.d.a; Vlada Republike Hrvatske, 2023). The European Commission (2023) believes that these political, economic, and geographical changes have affected and will likely continue to affect travellers arriving from the EU and the EA, which means free passage at borders, no need for currency exchange, and the removal of trade frictions.

Croatia, besides joining the Schengen Zone, has also fully integrated into the Economic and Monetary Union (EMU). This union represents the process of coordinating economic and fiscal policies among EU member states, establishing a single market that enables the free movement of goods, capital, and labour, and ultimately adopting a single currency, the euro, as a sign of full monetary integration (Eichengreen, 1993; European Commission, n.d.a). While all EU member states are part of the EMU to some degree, only those that have adopted the euro form the EA. The first 11 countries introduced the euro on January 1, 2002, followed by Greece in 2001, Slovenia in 2007, Cyprus in 2008, Slovakia in 2009, Estonia in 2011, Latvia in 2014, Lithuania in 2015, and finally Croatia in 2023 (European Commission, n.d.b). On January 1, 2023, the Republic of Croatia abolished the Croatian kuna, adopted the euro as its official currency, and thus became the 20th member state of the EA.

The importance of tourism for Croatia is underscored by the fact that during the COVID-19 pandemic, the country ranked among the most vulnerable in Europe according to the criterion of tourism's direct contribution to gross domestic product (GDP) (Bogdan et al., 2021). Croatia's tourism industry is structurally oriented toward EA markets, which together generate most of its arrivals and overnight stays (Bukovšak et al., 2017; Jerković, 2022), as presented in Table 1. In 2023 alone, Croatia recorded more than 19 million arrivals and over 92 million overnight stays, reflecting the strong influence of eurozone source markets and the advantages brought by Schengen and euro adoption (European Commission, 2023). Foreign tourists accounted for more than 90 million overnight stays, of which the most numerous were Germans, followed by Slovenians, Austrians, Poles, Czechs, Italians, Britons, Slovaks and the Dutch (Croatian Bureau of Statistics, n.d.; Croatian National Tourist Board, 2023). The data also suggest that during the COVID-19 pandemic, domestic tourism did not change to the extent that foreign arrivals and overnights did, which explains the extreme crisis in the tourism industry for the country which is primarily oriented to foreign markets (Mikac & Kravarašćan, 2021).

We must also consider that tourism revenues amounted to €10,539 billion in 2019 (Ministarstvo turizma Republike Hrvatske, 2021), while in 2023, despite a similar number of tourist arrivals, they increased to €13,113 billion (Ministarstvo turizma i sporta Republike Hrvatske, 2024). This upward trend suggests a rise in the value of tourist spending, which may also imply higher prices for tourism services. For this reason, it was essential in this study to examine how tourists themselves perceive this change and whether they believe that the introduction of the euro is one of the factors that, in their view, may have contributed to the increase in prices.

Previous studies have shown that tourism is highly sensitive to changes in the exchange rate environment. Fluctuations in bilateral exchange rates and in dominant currencies such as the U.S. dollar significantly influence tourism flows by altering relative prices and transaction costs (Ding & Timmer, 2023). Similarly, stable exchange rate regimes have been found to enhance tourism demand in the long run, as they reduce uncertainty and improve destination competitiveness (De Vita, 2014). From a broader economic perspective, tourism and international trade are both strengthened

Table 1. Arrivals and overnights 2018–2023

Year	Total number		Foreign tourists		Domestic tourists	
	Arrivals	Overnights	Arrivals	Overnights	Arrivals	Overnights
2019	19 566 146	91 242 931	17 353 488	84 147 631	2 212 658	7 095 300
2020	7 001 128	40 794 455	5 545 279	35 379 064	1 455 849	5 415 391
2021	12 775 794	70 201 959	10 640 809	62 847 827	2 134 985	7 354 132
2022	17 774 958	90 040 177	15 323 749	82 287 512	2 451 209	7 752 665
2023	19 492 931	92 376 832	16 854 869	84 263 604	2 638 062	8 113 228

Source: Croatian Bureau of Statistics (n.d.).

by stable monetary environments that lower transaction costs and increase confidence between countries (Santana-Gallego et al., 2016).

These macro-level findings resonate with Tkalec's (2024) evidence that EU membership has enhanced Croatian tourism through improved perceptions of economic stability and integration. However, while such studies highlight the macroeconomic significance of monetary stability, little is known about how travellers personally perceive and respond to currency transitions. Tourist attitudes toward destinations undergoing such changes remain insufficiently explored, particularly regarding how they interpret price adjustments, value for money and perceived monetary stability following the currency adoption. The Croatian case, as the most recent "natural experiment" within the EA, provides an opportunity to empirically examine the "euro-effect". Accordingly, the central research problem of this paper lies in understanding whether and how the introduction of the euro has influenced tourists' attitudes toward Croatia as a destination, specifically in relation to perceived monetary stability, price expectations, destination competitiveness and the use of digital payment methods.

2. Literature review of the euro as a currency and its impact on tourism

2.1. Tourists' perceptions of the euro

Wenhao (2004) distinguishes between national and international currencies. While national currencies operate within domestic boundaries, international currencies serve as widely accepted means of exchange and holders of value beyond their country of origin. The euro functions as such a transnational currency, facilitating travel, trade and economic exchange across the Eurozone. The European Central Bank (ECB) emphasizes that the euro contributes to stability, sustainable growth and the improvement of citizens' lives within the European Union. The ECB has consistently monitored public attitudes toward the EMU, the euro, and the ECB itself. Over the past two decades, support for the single currency has remained high, between 40% and 60%, reaching its peak in 2019. In contrast, trust in the ECB declined sharply after the 2008 financial crisis but gradually recovered to neutral levels by 2019 (Bergbauer et al., 2020; Hobolt & Wratil, 2015). Despite these fluctuations, the euro has maintained its symbolic position as a stable and reliable currency, second only to the U.S. dollar in global usage (Papadia & Efstathiou, 2018).

Although general support for the euro remains high, regional differences in trust and perception persist. For instance, Slovenians showed notable scepticism toward the ECB during their transition period (Bergbauer et al., 2020). These variations underline that monetary integration is not perceived uniformly across populations and that individuals internalise such changes through their own experiences of trust, stability and economic security.

Building on this, the present study seeks to explore whether similar perceptual mechanisms apply to international tourists visiting Croatia. In the first phase, respondents were asked to evaluate an ECB statement describing the euro as a currency that ensures stability and supports sustainable growth. This measure was used to assess whether tourists share this perception of monetary stability and economic trust. Accordingly, the first hypothesis was formulated:

H_1: Tourists perceive the euro as a currency that enhances monetary stability and strengthens economic security.

However, not all individuals perceive monetary stability and trust in the same way. Previous studies emphasise that perceptions of the euro are shaped not only by institutional performance but also by individuals' financial circumstances, familiarity with the currency and broader economic expectations. Research by the ECB (n.d.b) shows that individuals with higher income, education and financial literacy tend to express stronger confidence in the euro and in the ECB, whereas less affluent groups display greater scepticism toward monetary authorities. Cross-national analyses further demonstrate that support for the euro is more stable in long-standing EA countries than in newer adopters or non-members, reflecting differences in institutional familiarity and adaptation (Bergbauer et al., 2020). In addition, trust in the euro varies with personal economic security: those who feel economically stable and expect favourable conditions report higher support, whereas individuals who anticipate financial risk express lower confidence (Hobolt & Wratil, 2015). Together, these findings suggest that perceptions of monetary stability may vary across socio-demographic groups, an assumption that this study also tests in the context of tourists' attitudes toward the euro. For this reason, we additionally examine whether demographic characteristics and previous travel experience influence tourists' perceptions of the euro.

2.2. Understanding the link between currency changes and tourism dynamics

Tourism competitiveness is built on a destination's ability to use its resources effectively and to create products that are attractive and accessible to visitors. Pricing plays a central role in this process: destinations often compete by keeping their prices lower than those of their rivals, which can trigger a downward spiral

of cost-based rivalry and reduced value (Falzon, 2012; Mangion et al., 2005). Exchange-rate movements are among the most powerful forces shaping such dynamics. When a currency depreciates, a destination becomes more affordable to foreign visitors; when it appreciates, the opposite occurs: foreign demand tends to fall, while residents are more inclined to travel abroad (Brahim, 2022; Forsyth & Dwyer, 2009).

Exchange rates, in that sense, act as invisible hands guiding tourism flows. Forsyth and Dwyer (2009) argue that exchange-rate fluctuations directly influence travellers' choices by altering relative prices between destinations. Historical examples illustrate this well. According to Işık et al. (2019), a depreciation of the euro against the Turkish lira increases Spain's relative tourism advantage over Turkey in the long run, while appreciations of the euro do not have a significant negative effect. Similarly, a strong Swiss franc has been shown to reduce Switzerland's competitiveness compared with its eurozone neighbours (Blattner, 2002). In the 1980s, intense price competition among Mediterranean destinations such as Spain, Greece, Turkey and the former Yugoslavia resulted in declining demand for Italy, a phenomenon described by Formica and Uysal (1996) and later confirmed by Falzon (2012).

Price competitiveness, closely tied to both inflation and exchange-rate stability, remains one of the strongest determinants of tourism performance (Rookayyah et al., 2024), particularly across the Mediterranean region (Falzon, 2012). Yet, competitiveness extends beyond prices alone. It includes a combination of economic indicators such as GDP growth, visitor satisfaction, and mobility (Dupeyras & MacCallum, 2013; Soldić Frleta, 2018). Tourists, as decision-makers, often weigh perceived value rather than absolute cost, evaluating how much quality, convenience and authenticity they receive for the price they pay (Nicolau & Masiero, 2013; Seyidov & Adomaitienė, 2017). However, despite evidence from the literature that currency valuation shapes tourism flows at the macro level, it remains unclear to what extent tourists themselves consider currency factors, such as the recent euro adoption in Croatia, to be important when forming their travel intentions.

Figure 1 illustrates the systemic relationship between currency value, price, purchasing power and tourism competitiveness. The diagram illustrates how exchange-rate fluctuations create balancing effects within the tourism economy, showing that depreciation increases competitiveness through stronger purchasing power, while appreciation reduces it through higher prices (Rookayyah et al., 2024). This relationship aligns with macroeconomic insights from Sinclair and Stabler (1997), who show that instability in foreign currency receipts and relative prices can influence tourism demand, investment and destination competitiveness. While these economic relationships explain how exchange rates and price movements shape destination competitiveness, they do not necessarily determine how individual tourists perceive or respond to currency differences. From a behavioural perspective, the perceived value of travel experiences often outweighs objective price considerations.

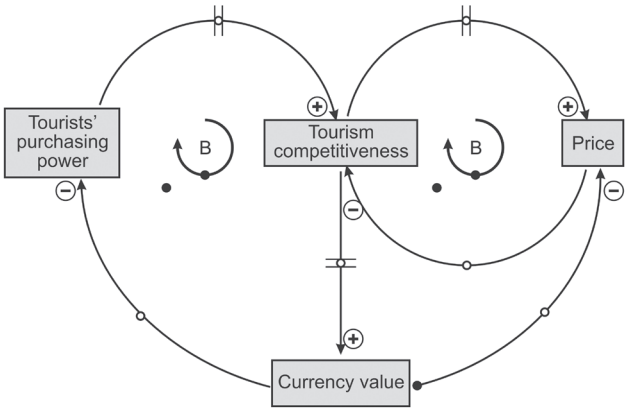

Figure 1. The influence of currency valuation on tourism market dynamics
Source: authors

However, currency fluctuations rarely tell the full story. As Pratt (2014) notes, devaluation may bring short-term gains through higher inbound demand and employment growth in tourism-related industries, but these benefits often fade and may even harm other sectors such as education or construction. Long-term competitiveness requires more than favourable exchange rates; it depends on innovation, sustainability and the overall value experience offered to travellers (Crouch, 1994).

For Croatia, the introduction of the euro as the official currency (Mahović Komljenović & Lulić Stipetić, 2022) marks a major shift in its monetary and tourism landscape. By removing the exchange-rate barrier, Croatia now competes equally with other eurozone destinations such as Slovenia, Italy and Greece (Tkalec, 2024). Tourists can easily compare prices across these markets, albeit previous research suggests that currency differences alone seldom determine destination choice. Factors such as motivation, prior experience and perceived value tend to outweigh purely financial considerations (Masiero & Nicolau, 2012; Seyidov & Adomaitienė, 2017). Even when conversion costs exist, emotional or experiential motives often prevail (Dellaert & Lindberg, 2003; Nicolau & Masiero, 2013).

Thus, while exchange-rate shifts and currency regimes influence the macroeconomic framework of tourism competitiveness, they appear to play a secondary role in the individual tourist's decision-making process. Currency may shape the economic background against which tourism evolves, but it

rarely acts as a psychological barrier. It can influence flows and trends, much like other contextual factors that frame tourists' behavioural intentions (Dwyer & Forsyth, 2011; Khasawneh & Alfandi, 2019), without directly determining them. That is why, through H_2 we sought to examine whether tourists perceived this currency change during the transition period as a barrier that could influence their destination choice:

H_2: Differences in currency are not perceived as a significant obstacle when choosing a travel destination.

2.3. Perceived and actual prices: Shaping tourist attitudes

Price perception, unlike the currency difference itself, plays a central role in shaping tourists' attitudes toward destinations, especially during monetary transitions. Although macroeconomic analyses suggest that the introduction of the euro in Croatia had only a mild effect on prices, approximately 0.4 percentage points (Falagiarda et al., 2023; Hrvatska narodna banka, 2023), public discourse and media coverage contributed to widespread expectations of price increases. In tourism behaviour, perceived reductions in purchasing power can be more decisive than objective inflation indicators, as consumers tend to base their travel decisions on the affordability they experience rather than on macroeconomic data (Garača et al., 2018).

The psychology of pricing provides an important interpretive lens for understanding these processes. Parsa and Njite (2008) argue that high prices can create negative emotional responses among tourists, especially when perceived as unfair or unexpected, leading to decreased satisfaction and weaker loyalty. In contrast, balanced pricing that ensures perceived fairness contributes to sustainable growth and repeat visits. From a behavioural perspective, the perception of inflation does not always align with reality. Pufnik (2018) observed that in many eurozone countries, perceived inflation (subjective sense of price growth) diverged from actual inflation after euro adoption, particularly when consumers expected rounding or hidden price increases. This psychological phenomenon can create negative attitudes toward both the currency and the destination economy, even in the absence of objective inflationary pressure. Consumers process price signals based on everyday experiences: restaurant bills, accommodation rates, retail purchases and construct their perception of inflation accordingly. Thus, if travellers expect higher prices, they are more likely to perceive them as such once the conversion occurs, regardless of statistical data.

Comparative evidence from earlier euro-adopting countries illustrates these dynamics. In Slovenia, perceived inflation rose modestly after the introduction of the euro in 2007, despite stable inflation data; stronger effects were observed in Estonia and Lithuania (Pufnik, 2018; Rudež & Bojnec, 2008). Jemec (2010, as cited in Pufnik, 2018) attributes Slovenia's relatively mild reaction to proactive communication campaigns that educated consumers about price expectations and discouraged opportunistic rounding. Estonia, however, experienced a sharp increase in perceived inflation after 2011 despite government controls, highlighting the degree to which perceptions can override policy measures.

These perceptual mechanisms have concrete implications for tourism markets. Previous research shows that adaptation to new market conditions may temporarily increase service prices and slow tourism growth (Bukovšak et al., 2017). As prices rise, price-sensitive travellers often redirect demand toward more affordable Mediterranean competitors such as Greece or Turkey, thereby reducing Croatia's relative competitiveness (Mirdala, 2015; Nikas et al., 2019). Ledesma-Rodríguez et al. (2012) further demonstrate that currency changes can amplify these diversion effects by redistributing flows among destinations according to perceived affordability.

Croatia, as the most recent entrant to the EA, presents a valuable case for testing these perceptual effects in the tourism sector. Although the actual inflation following euro adoption has remained modest, the symbolic nature of currency change and the influence of public narratives may shape tourists' subjective expectations of rising prices. Therefore, this study investigates whether tourists anticipate a rise in prices in Croatia after the transition from the kuna to the euro:

H_3: Tourists expect prices in Croatia to increase following the currency change from the kuna to the euro.

Understanding this hypothesis also requires acknowledging the psychological mechanism of loss aversion (Kahneman & Tversky, 1979). Consumers tend to experience losses, such as price increases, more intensely than equivalent gains, such as price reductions. While statistical inflation treats price changes symmetrically, human perception is asymmetrical: price increases are more salient and emotionally charged, shaping a lasting impression of "everything becoming more expensive". This asymmetry can influence destination competitiveness, particularly during times of economic transition, even when the objective impact is limited. In this context, perceived inflation becomes not only an economic indicator but also a psychological signal influencing tourists' attitudes and behaviour. Measuring such perceptions is therefore crucial for understanding how the euro adoption may affect Croatia's tourism competitiveness and visitor satisfaction in the short and medium term. Also, to assess the broader context of value perception, we tested whether demographic

characteristics influence tourists' expectations of post-euro price changes.

Additionally, short-term studies of previous euro adoptions have indicated that businesses often rounded prices upward, especially in the service and hospitality sectors, thereby transferring additional costs to consumers (Rátz & Hinek, 2006; Rudež & Bojnec, 2008). Such perceptions can temporarily reduce a destination's attractiveness, even when real inflation remains stable (Jerković, 2022). Building on this logic, we assume that tourists who expect price increases will adjust not only their attitudes, but also their intended travel behaviour:

H_4: Tourists who expected price increases were more likely to anticipate visiting Croatia less frequently after January 1, 2023.

2.4. Will the changes in 2023 affect the attitude towards Croatia as a tourist destination?

As already said in the Introduction, most foreign tourists visiting Croatia come from EA countries. Therefore, adopting the euro represents a crucial step for Croatia's tourism sector, particularly given its dependence on European markets and cross-border travel flows.

Empirical studies provide strong evidence that the introduction of the euro has stimulated tourism flows among EMU members. Ledesma-Rodríguez et al. (2012) estimate that the euro increased international arrivals (1995–2008) by around 21%–43%, while their later work (Santana-Gallego et al., 2016) demonstrates how the common currency generates both tourism creation within the EMU and tourism diversion from non-member countries. Addessi et al. (2019), using a synthetic-control approach, similarly confirm a positive, but heterogeneous, effect on bilateral tourism flows, strongest among countries with deeper economic ties (such as Belgium, Italy and Spain). Beyond the eurozone, stable and predictable exchange rates also support international travel demand, as shown by Ding and Timmer (2022). Together, these studies highlight the central role of currency integration and exchange-rate stability in enhancing tourism connectivity and competitiveness across Europe. Together, these studies underscore the significant role of currency integration and exchange-rate stability in enhancing tourism connectivity and competitiveness across Europe.

At the same time, several authors suggest that the euro contributes not only to monetary stability but also through the perception of Europe as a single, easily accessible tourism area (Bieger & Leasser, 1999; Blattner, 2002). The World Tourism Organization (1998) already predicted that a shared currency would boost tourism by simplifying travel, while Rátz and Hinek (2006) described the euro as an instrument of European identification that encourages mobility of both people and capital within the EMU. These effects are particularly visible in the Schengen area and EA, where tourists experience seamless movement across borders (Jerković, 2022). The introduction of the euro has simplified financial transactions for travellers (Bukovšak et al., 2017; Falagiarda et al., 2023) and increased transparency and comparability of prices (Brahim, 2022; Rudež & Bojnec, 2008). It also eliminated exchange offices and conversion fees, improving the perceived efficiency of travel and strengthening confidence in Croatia as part of a single monetary area (Blattner, 2002; Rátz & Hinek, 2006). Before its adoption, it was widely expected that Croatia's competitiveness would improve as it joined a market defined by a strong and stable currency (Jerković, 2022) within an already established market. Therefore, we examine H_5 to assess whether tourists indeed perceive the euro as a factor that strengthens Croatia's competitive position:

H_5: Tourists believed that the introduction of the euro would enhance Croatia's competitiveness as a tourist destination.

However, experiences within the EA show that the effects of currency integration are not uniform (Ciżkowicz et al., 2015). Core EMU members such as Germany, France and the Netherlands adapted more smoothly, while peripheral economies including Greece, Spain and Portugal faced challenges linked to higher prices and the loss of cost advantages (Giannellis & Koukouritakis, 2017; Mirdala, 2015; Nikas et al., 2019). These pressures affected overall economic competitiveness, although not always tourism flows; for instance, Greece recorded no significant changes in tourist arrivals after adopting the euro (Bukovšak et al., 2017). As a peripheral southeast European economy (Celi et al., 2022), Croatia similarly needs to balance price stability and tourism competitiveness within the EMU framework.

Currency appreciation generally increases destination costs, while exchange-rate volatility discourages travel planning (Crouch, 1994; Ongan et al., 2017). Within the eurozone, these risks are minimised, making the common currency a signal of reliability and stability (Addessi et al., 2019; Rookayyah et al., 2024). However, joining the EMU also reduces a country's monetary autonomy, limiting tools that could otherwise support tourism demand (Damijan, 2023; Kandžija et al., 2017; Karnowski & Rzońca, 2023; Pratt, 2014). This may be particularly relevant for smaller economies such as Croatia, which must now align its monetary framework with the ECB (Jerković, 2022).

2.5. Digital payment for services in tourism

After the COVID-19 pandemic, digital payment methods became increasingly important across sectors, including tourism (Ramos & Sol Murta, 2023; Susanto et al, 2022).

Yet despite technological progress, parts of Croatia's tourism sector remain predominantly cash-based, signalling a lag in adopting digital transactions. As travel behaviour increasingly emphasises convenience, safety and technological integration, cashless systems have the potential to become a significant component of the modern tourism experience. This trend is supported by Liébana-Cabanillas et al. (2021), who demonstrate that perceived usefulness, subjective norms and personal innovativeness exert a strong direct influence on intention to use peer-to-peer mobile payment systems. Furthermore, research conducted in tourism contexts indicates that tourists' perceived risk significantly reduces both trust and intention to use digital payment systems, while trust positively affects usage intention and mediates the relationship between perceived risk and behavioural intention (Banerjee & Jhawar, 2025). Consistently, broader studies grounded in extended technology acceptance model (TAM) and theory of planned behaviour (TPB) frameworks confirm that higher trust and lower perceived risk significantly increase consumers' intention to adopt online payment systems (Yang et al., 2015).

In line with these studies, the introduction of the euro as a common and stable currency may further strengthen tourists' trust in Croatia's financial environment and reduce perceived transactional risk, thereby encouraging a more frequent use of digital payment methods such as debit and credit cards, PayPal, Crypto or Revolut. The unified currency simplifies price comparison, enhances perceptions of safety, and minimizes uncertainties associated with exchange rates, all of which facilitate the integration of cashless and mobile payment options during travel.

H_6: The adoption of the euro will lead to more frequent use of digital payment methods among tourists visiting Croatia.

The extent to which euro adoption has accelerated this transformation remains an empirical question. This study therefore examines whether tourists' payment behaviour is evolving toward digital modes as part of the broader process of technological transformation in tourism. According to Kim et al. (2022), the digitalization of financial services can increase destination competitiveness and enhance operational efficiency for tourism businesses, particularly in countries newly integrated into the EA.

3. Method

To examine all six hypotheses, we employed a quantitative research design and developed a structured questionnaire. The survey was constructed based on previous empirical and theoretical studies addressing monetary integration, tourism competitiveness and consumer perceptions during currency transitions (Bergbauer et al., 2020; Dwyer & Forsyth, 2011; Kandžija et al., 2017; Ramos & Sol Murta, 2023; Rudež & Bojnec, 2008). Rudež and Bojnec (2008), for example, conducted a similar survey among foreign tourists visiting Slovenia after its EU accession and euro adoption, identifying benefits such as easier price comparison and reduced transaction costs, alongside negative perceptions related to increased service prices.

The questionnaire comprised five thematic sections, aligned with the study hypotheses, and a final section that collected socio-demographic data (age, gender, education, occupation). The questionnaire was first developed in English and then pre-tested among bilingual experts to ensure linguistic and conceptual clarity. We circulated the draft to 50 experts from the fields of tourism and monetary policy, who provided feedback on comprehensibility and appropriateness. Based on their comments, the questionnaire was adapted and reformulated. The final version was then programmed into the 1KA online survey platform. The full questionnaire is available to interested readers upon request.

Data collection took place in the time of transition, between 13 December 2022 and 10 March 2023, using a snowball sampling strategy through networks of European tourism stakeholders, including regional and local tourism organizations, faculties, information centres, national and nature parks, and public institutions. Respondents were invited to participate voluntarily and anonymously, and all procedures complied with GDPR principles.

3.1. Description of the sample

The survey targeted all tourists and included only respondents who had travelled to countries where the euro is not the official currency, as individuals without such travel experience cannot reliably evaluate the implications of currency differences for tourism. Age was approximately normally distributed in the sample (mean [*M*] = 37.12; standard deviation [*SD*] = 11.99). Although the normality test was significant, which is common in large samples ($N = 939$), the Q–Q plot and the very low skewness value (0.04) indicate only a minimal deviation from normality. This is expected given the large sample size and the demographic profile of the respondents, who were primarily tourists with an average age of around 38 years. Most participants were between 25 and 54 years old, indicating a broad and relevant age spread among travellers (Urhausen, 2008).

Regarding the highest completed academic level, the largest proportion of respondents held

a bachelor's degree (40.7%, *n* = 382), followed by those with a secondary school qualification (32.2%, *n* = 302), a master's degree (20.8%, *n* = 195), a doctorate (5.5%, *n* = 52, and just elementary education (0.9%, *n* = 8). In terms of employment status, most respondents were employed (62.8%, *n* = 590), followed by students (23.5%, n = 221), business owners (8.7%, *n* = 82), retirees (2.4%, *n* = 23) and unemployed individuals (2.3%, *n* = 22).

Overall, it can be said that our sample corresponds to young tourists from Europe, predominantly in the 35 to 44 age range, highly educated and mostly employed. That is why we conducted parametric tests (except in H_6) in our SPSS analysis.

4. Results

In summary, while euro adoption enhances transparency, reduces transaction barriers and strengthens Croatia's position within the European tourism market, it may also generate new perceptual challenges related to pricing and value. These hypotheses therefore test whether Croatia's integration into the eurozone has increased its perceived competitiveness, or whether expectations of higher prices have tempered those gains and influenced tourists' behavioural intentions.

4.1. Evaluation of perceived monetary stability

According to the ECB calculation method, 58% of respondents (*n* = 452) expressed a positive perception of the euro as a currency, supporting its role as a symbol of monetary stability and economic security. This result is consistent with ECB (Bergbauer et al., 2020) findings and confirms that the sample reflects general trust in the euro, providing a relevant sample foundation for further testing of H_1.

To test H_1, a one-sample *t*-test was conducted to examine whether tourists perceive the euro as a currency that enhances monetary stability and strengthens economic security (Table 2). The results reveal that the mean score (M = 3.70, SD = 1.24) was significantly higher than the neutral midpoint of the scale (test value = 3), $t(938) = 17.36$, $p < 0.001$, with a 95% confidence interval (CI) [0.62, 0.78]. The effect size was moderate to large (Cohen's d = 0.57), indicating that tourists generally perceive the euro positively, associating it with stability, security and economic trust. Therefore, H_1 was supported, aligning with previous findings on the euro's symbolic and practical role as a stable transnational currency. This suggests that perceptions of monetary stability are internalised not only by EA residents but also by tourists when assessing economic trust and security.

Table 2. One-sample *t*-test for perceived euro stability from Q1 (H_1)

Statistic	Value
Sample size (N)	939
Hypothesis test value	3
Mean (M)	3.70
Standard deviation (SD)	1.24
Standard error (SE)	0.04
95% confidence interval (CI) for mean	[3.62, 3.78]
Mean difference from neutral (M–3)	0.70
$t(938)$	17.36
p	<0.001
Cohen's d	0.57
Hedges' g	0.57

Note: The test value for the one-sample *t*-test was 3 (neutral midpoint). Higher scores indicate stronger agreement that the euro ensures stability. The mean score was significantly higher than 3.

Source: authors.

To further explore H_1, we conducted an additional analysis to examine whether demographic characteristics and prior travel experience influenced tourists' perceptions of the euro as a stable currency (Table 3). A multiple linear regression with gender, age, highest completed education, and experience of travelling to countries outside the EA as predictors of perceived monetary stability showed no significant collective effect ($R^2 = 0.002$, $F(4, 934) = 0.58$, $p = 0.674$). The predictors explained only 0.2% of the variance, and none had a significant unique contribution: gender ($\beta = 0.04$, $p = 0.24$), age ($\beta = -0.01$, $p = 0.77$), education ($\beta = -0.03$, $p = 0.42$) and travel experience ($\beta = 0.01$, $p = 0.74$). For additional insight, each predictor was analysed separately. An independent-samples *t*-test indicated that men (M = 3.89, SD = 1.28) reported slightly higher agreement than women (M = 3.64, SD = 1.21), $t(915) = 2.82$, $p = 0.005$ (two-tailed), but the effect was small (Cohen's d = 0.20). Age was unrelated to perceived monetary stability (Pearson $r(937) = -0.013$, $p = 0.680$). A *t*-test comparing respondents who had travelled to non-euro countries with those who had not revealed any difference in perceived monetary stability ($t(936) = 0.49$, $p = 0.627$); the effect size was negligible (Cohen's $d \approx 0.07$). Finally, a one-way ANOVA comparing perceived monetary stability scores across education levels was not significant ($F(4, 934) = 1.15$, $p = 0.333$), with a trivial effect size ($\eta^2 = 0.005$); Tukey HSD (honestly significant difference) and Games-Howell post-hoc tests found no pairwise differences. Overall, the results indicate that demographic characteristics and prior travel experience have no meaningful impact on how tourists perceive the euro's stability.

Table 3. Effects of demographic characteristics and travel experience from Q1 (H_1)

Predictor/variable	Test	Statistic	*p*-value	Effect size	Interpretation
Gender (male vs. female)	Independent-samples *t*-test	$t(915) = 2.82$	0.005	$d = 0.20$	Men rated Q1 slightly higher than women (small effect)
Age	Pearson correlation	$r(937) = –0.013$	0.680	–	No significant association
Travel outside eurozone	Independent-samples *t*-test	$t(936) = 0.49$	0.627	$d = 0.07$	No significant difference (negligible effect)
Education level	One-way ANOVA (5 groups)	$F(4, 934) = 1.15$	0.333	$\eta^2 = 0.005$	No significant differences across education groups
Regression model	Multiple linear regression	$F(4, 934) = 0.58$, $R^2 = 0.002$	0.674	–	Predictors jointly explain ~0.2% of variance in Q1; model not significant

Note: For gender, positive *t*-values indicate a higher mean for males; Cohen's *d* represents the standardized mean difference. Travel outside the eurozone was coded as 0 (*no*) and 1 (*yes*); effect size values are approximate due to unequal group sizes. In the regression model, predictors were gender (0 – *female*, 1 – *male*), age (continuous), education level (ordinal), and travel experience (0 – *no*, 1 – *yes*). No regression coefficients reached statistical significance.

Source: authors.

4.2. Evaluation of currency barriers in destination choice

A one-sample *t*-test was conducted to examine whether tourists perceive currency differences as an obstacle when choosing a travel destination (Table 4). The mean rating ($M = 2.19$, $SD = 1.20$) was significantly lower than the neutral midpoint of 3 ($t(938) = −20.75$, $p < 0.001$), indicating that respondents generally do not perceive a different currency as a significant barrier. The effect size was large (Cohen's $d = −0.68$, 95% CI [−0.75, −0.61]), confirming a strong tendency toward disagreement with the notion that currency differences hinder destination choice.

These results support H_2, indicating that currency differences are not a major factor in destination choice. This suggests that tourists may place greater emphasis on elements such as accessibility, price levels, cultural offerings and overall experience value, while currency considerations play a relatively minor role. In Croatia's case, where the euro now aligns the country with most key source markets, this further reduces the relevance of currency-related concerns in the travel planning or decision-making process.

4.3. Linking price expectations with future travel behaviour

For H_3, a one-sample *t*-test was conducted to examine whether tourists expect prices in Croatia to increase following the currency change from the kuna to the euro (Table 5). The mean response ($M = 0.79$, $SD = 0.98$) was significantly greater than zero ($t(938) = 24.63$, $p < 0.001$), indicating that respondents overall expected prices

Table 4. One-sample *t*-test for perceived currency barrier from Q2 (H_2)

Variable	Mean (*M*)	Standard deviation (*SD*)	95% confidence interval (CI) for mean difference	*t*(*df*)	*p*-value	Effect size (*d*)
Currency barrier	2.19	1.20	[–0.89, –0.73]	–20.75 (938)	<0.001	–0.68

Note: Test value = 3 (neutral midpoint). Lower mean values indicate that respondents rarely perceive a different currency as a barrier when choosing a destination.

Source: authors.

Table 5. Expected price increase after euro adoption from Q4 (H_3)

Variable	Mean (*M*)	Standard deviation (*SD*)	95% confidence interval (CI) for mean difference	*t*(*df*)	*p*-value	Effect size (*d*)
Expected price change (Q4)	0.79	0.98	[0.73, 0.85]	24.63(938)	<0.001	0.98

Note: The one-sample *t*-test compared responses to the test value of 0 (no price change). Scores above zero indicate expected price increases. The mean score was significantly higher than zero, demonstrating a substantial expectation of rising prices; therefore, the result supported the hypothesis.

Source: authors.

to rise. The effect size was large (Cohen's d = 0.98, 95% CI [0.73, 0.85]), confirming a strong directional tendency toward perceiving price increases. A chi-square goodness-of-fit test further showed that the distribution of responses differed significantly from a uniform distribution ($\chi^2(4, N = 939) = 2232.41$, $p < 0.001$), with the vast majority of respondents (81%) selecting "Increase".

To further examine whether price expectations varied by socio-demographic characteristics or previous travel experience, additional analyses were conducted (Table 6). A multiple linear regression with gender, age, education and prior travel outside the EA as predictors of price expectations revealed a significant model ($F(4, 934) = 200.33$, $p < 0.001$), explaining 46.2% of the variance ($R^2 = 0.462$). However, only prior travel experience emerged as a significant predictor ($\beta = -0.67$, $p < 0.001$). Respondents who had travelled to non-euro countries were less likely to expect price increases compared to those without such experience. Other demographic variables, including gender, age and education, showed no meaningful effects. Separate t-tests and ANOVA results confirmed no significant group differences, with all effect sizes being trivial. Overall, expectations of price increases were broadly shared across demographic groups but moderated by international travel experience, with travellers familiar with non-euro currencies showing more restrained expectations of post-euro inflation.

Table 6. Chi-square (χ^2) goodness-of-fit test for distribution of expected price changes from Q4 (H_3)

Variable	χ^2 (df)	p-value
Distribution of responses (Q4)	2232.41(4)	<0.001

Note: The response distribution deviated significantly from an equal distribution, with 81% of respondents selecting "Increase", indicating strong expectations of higher prices after euro adoption.

Source: authors.

To test H_4, whether expectations of price increases are associated with anticipated changes in future travel frequency to Croatia, a cross-tabulation was conducted between perceived price change and general travel intention (Table 7). The Pearson chi-square test revealed a significant association ($\chi^2(24, N = 939) = 964.84$, $p < 0.001$), indicating that tourists' price expectations are systematically related to how often they plan to visit Croatia in the future. The strength of the association was moderate to strong, as shown by Cramer's $V = 0.51$, $p < 0.001$.

Overall, the results strongly support H_3, indicating that tourists widely expect prices in Croatia to rise after the euro's adoption, with prior travel experience only moderating the intensity of this expectation. At the same time, the significant association between expected price increases and reduced future visitation provides empirical support for H_4, showing that perceived post-euro-effect inflation is linked to lower travel intention toward Croatia.

Table 7. Chi-square test results of expected price changes and future visitation intentions

Variable	χ^2(df)	p-value	Cramer's V
Q4 (expected price change) × Q6 (future visitation frequency)	964.84(24)	<0.001	0.51

Note: Tourists who anticipated price increases were more likely to report neutral or reduced future travel intentions, indicating that perceived inflation may weaken destination loyalty even before actual price changes occur. Based on this association, the H_4 was partially supported.

Source: authors.

4.4. Evaluation of Croatia's perceived competitiveness

The reliability of the six items (Table 8) measuring the perceived impact of the euro introduction on travel experience and destination competitiveness was assessed using Cronbach's alpha. The scale demonstrated excellent internal consistency, $\alpha = 0.981$ (based on standardized items), indicating that all statements measured a highly coherent underlying construct, namely, the perceived positive effects of euro adoption on travel and destination competitiveness. All items showed very high corrected item–total correlations (>0.90), confirming strong contributions from each item to the scale's internal consistency. Therefore, a composite variable (competitiveness composite) was computed as the mean of the six items for subsequent analyses.

Table 8. Perceived competitiveness of Croatia after euro adoption from Q5 (H_5)

Variable	Mean (M)	Standard deviation (SD)	95% confidence interval (CI) for mean difference	t(df)	p-value	Effect size (d)
Competitiveness composite	3.46	1.91	[0.33, 0.58]	731(938)	<0.001	0.24

Note: The one-sample t-test compared the composite score to the neutral test value of 3. The mean score was significantly higher than the neutral point, indicating that tourists perceive the introduction of the euro as a moderately positive factor for Croatia's tourism competitiveness. Therefore, H_5 was supported.

Source: authors.

A one-sample *t*-test was conducted to assess whether tourists believe that the introduction of the euro enhances Croatia's competitiveness as a tourist destination. The mean composite score (M = 3.46, SD = 1.91) was significantly higher than the neutral midpoint of 3 ($t(938) = 7.31$, $p < 0.001$), indicating a generally positive perception of the euro's impact. Although the effect size was small (Cohen's d = 0.24, 95% CI for d [0.17, 0.30]), the direction of the effect suggests that most respondents associate the currency change with improvements in destination competitiveness, which is consistent with their evaluations of specific advantages. Respondents indicated that the euro makes Croatia a more competitive destination by enabling easier price comparison, smoother digital and card payments and a more familiar monetary environment. These elements reduce friction in trip planning, increase transparency and lower "mental transaction costs", narrowing perceived differences between Croatia and established EA markets. Therefore, H_5 was supported.

4.5. Evaluation of digital payment behaviour

Because the payment-frequency items were measured on an ordinal scale, changes before and after the euro introduction were analysed using paired-sample Wilcoxon signed-rank tests (Table 9). Results show a clear shift away from cash toward digital payment modes. The use of cash decreased significantly (Z = –8.44, $p < 0.001$), while both credit card (Z = –6.72, $p < 0.001$) and debit card usage (Z = –9.05, $p < 0.001$) increased notably. There was also a significant rise in Revolut usage (Z = –3.52, $p < 0.001$). Changes in PayPal (Z = –1.96, p = 0.050) and cryptocurrency use (Z = –2.41, p = 0.016) were minor and statistically weaker. Effect sizes (calculated as $r = |Z| / \sqrt{N}$) indicated moderate to large effects for cash ($r \approx 0.46$) and debit cards ($r \approx 0.52$), moderate effects for credit cards ($r \approx 0.40$) and Revolut ($r \approx 0.31$), and small effects for PayPal ($r \approx 0.16$) and cryptocurrencies ($r \approx 0.31$). After applying a Holm-Bonferroni correction, significant effects remain for cash, debit cards, credit cards and Revolut, while PayPal and cryptocurrencies would no longer meet the adjusted significance threshold.

The findings offer partial support for H_6. A clear and statistically significant decrease in cash use, together with increases in debit- and credit-card payments, indicates a shift toward less frequent use of physical money after the euro introduction. However, evidence for broader digital-payment adoption is more limited, suggesting that a comprehensive transition to digital methods would require further investigation.

5. Discussion

Overall, the findings reinforce patterns described in previous research on monetary integration, perceived inflation and tourism behaviour, while offering new insights into the specific context of Croatia, as a young tourism-intensive EU member integrating into the Schengen area and EA.

The results supporting H_1 indicate that tourists perceive the euro as a stable and reliable monetary framework. This aligns with previous research showing that the euro also carries a symbolic function as a marker of economic security and European integration. For Croatia, this perception may generate an additional reputational benefit through a "European umbrella effect", whereby euro adoption strengthens the sense of belonging to a predictable and institutionally mature European space and tourism market. This increased trust appears broadly shared across demographic groups, suggesting a widely consistent confidence in the euro's stability.

Table 9. Wilcoxon signed-rank tests for changes in payment method use from Q7 and Q8 (H_6)

Pair (after–before)	N (non-ties)	Direction of change	Z	p-value	Effect size (r)
Cash	330	Less cash use	–8.44	<0.001	0.46
Credit card	389	More frequent use	–6.72	<0.001	0.40
Debit card	309	More frequent use	–9.05	<0.001	0.52
PayPal	160	Slight increase	–1.96	0.050	0.16
Revolut	129	More frequent use	–3.52	<0.001	0.31
Cryptocurrency	62	Slight increase	–2.41	0.016	0.31

Note: Positive ranks indicate greater frequency of use after the euro adoption. Effect sizes were calculated as $r = |Z| / \sqrt{(N \text{ non-ties})}$. After applying the Holm-Bonferroni correction, statistically reliable increases remained for debit cards, credit cards and Revolut usage, while cash use showed a significant decrease. Small increases in PayPal and cryptocurrency use did not remain significant after the correction.

Source: authors.

At the same time, respondents did not consider currency differences to be a meaningful obstacle in destination choice, confirming H_2. This finding aligns with behavioural studies showing that travellers rarely view currency regimes as psychological barriers (Masiero & Nicolau, 2012; Seyidov & Adomaitienė, 2017). However, this does not contradict macroeconomic research demonstrating that exchange-rate movements can influence tourism flows and destination competitiveness (Falzon, 2012; Forsyth & Dwyer, 2009; Sinclair & Stabler, 1997). The distinction lies in the level of analysis: while exchange rates objectively shape relative prices and long-term demand, tourists subjectively prioritise experiential value, accessibility and perceived affordability over currency differences themselves. Therefore, the results suggest that currency differences matter economically, but they are not consciously perceived as barriers in the tourist decision-making process.

Although currency differences are not perceived as a barrier at the micro level and tourists generally hold a favourable view of the euro, the picture changes when it comes to expectations of price increases and future travel intentions after the currency change. Results in H_3 discovered that tourists expressed a strong expectation that prices in Croatia would rise following the adoption of the euro. This pattern mirrors findings from other transitional EA economies, where perceived inflation often exceeded actual inflation due to rounding practices and psychological price effects (Rudež & Bojnec, 2008). Such expectations carry important behavioural implications. In this study, tourists who anticipated higher prices were more likely to indicate reduced future visits, partially supporting H_4. This suggests that perceived, rather than actual, price movements may strongly shape destination evaluations, value-for-money assessments, and repeat visit intentions, consistent with the work of Dwyer and Forsyth (2011) and Santana-Gallego et al. (2016). These results point to a broader concern: in tourism, the challenge during monetary transitions lies less in monetary policy itself and more in how tourists interpret and anticipate price changes. Transparency in communication and maintaining clear value propositions therefore remain essential for safeguarding destination image. Future research should examine whether price increases in Croatian tourism were genuinely disproportionate, whether tourists' concerns reflect perceptual rather than actual inflation, and to what extent wider inflationary pressures or currency reform may have been used to justify additional price rises.

However, these positive perceptions coexist with a pronounced expectation that prices in Croatia would increase following the adoption of the euro, providing strong support for H_3. This mirrors well-documented patterns observed in other transitional EA economies, where perceived inflation often exceeded actual inflation due to rounding practices and psychological price effects (Pufnik, 2018; Rudež & Bojnec, 2008). Such expectations carry important behavioural implications. As demonstrated in this study, tourists who anticipated higher prices were more inclined to signal reduced future visits, partially supporting H_4. This suggests that perceived, rather than actual, price movements may have a powerful influence on destination evaluations, value-for-money assessments, and ultimately on repeat visitation intentions, an effect consistent with findings by Dwyer and Forsyth (2011) and Santana-Gallego et al. (2016). These results highlight a broader concern: in tourism, the real challenge does not lie in monetary policy itself, but in how tourists interpret and anticipate price changes. Transparency in communication and maintaining clear value propositions therefore remain essential for managing destination image during monetary transitions. Given these dynamics, future research should examine whether price increases in Croatian tourism were genuinely disproportionate, whether tourists' concerns reflect perceptual rather than actual inflation, and to what extent the broader context of inflation and currency reform may have been leveraged to justify additional price rises.

Although tourists express negative expectations regarding price increases and indicate a reduced likelihood of future visits, when examining competitiveness (H_5) they generally believed that the introduction of the euro would enhance Croatia's tourism position. The six items measuring perceptions of Croatia's competitiveness indicated that travellers associate the euro with easier payments, simpler online purchases, improved price comparability, better control of expenses, increased attractiveness, and more frequent use of card-based payment options. These perceived advantages position Croatia more closely alongside established EA competitors by reducing minor transactional frictions and creating a more familiar and consistent monetary environment. However, the small effect size suggests that although the euro introduction is viewed positively, it does not fundamentally reshape Croatia's competitive position. Rather, it places Croatia on more equal footing with other European destinations, while long-term competitiveness continues to depend on broader experiential, cultural and value-driven factors that extend beyond this monetary alignment.

The findings in H_6 also show a shift toward digital and card-based payments following the introduction of the euro. Reduced cash use and greater reliance on cards and fintech tools indicate that monetary integration supports more modern payment habits. This reflects wider digitalisation trends and underscores the need for seamless, cashless options in line with tourist expectations.

6. Conclusion

This study provides new insights into how European travellers perceive Croatia's adoption of the euro and how these perceptions shape expectations regarding prices, competitiveness and future travel behaviour. The findings reveal a nuanced impact: while the euro enhances feelings of monetary stability, convenience and alignment with familiar EA environments, it simultaneously triggers notable concerns about potential price increases that may influence future visits. Such expectations, consistent with patterns observed in other EA transitions, highlight the psychological dimension of currency change, where perceived inflation can weigh more heavily than actual economic developments.

Croatia entered the EA from an already strong competitive position, shaped by geographic proximity to key EU markets, favourable value-for-money perceptions and long-standing ties with EA travellers. The euro adoption reinforces this position by reducing transactional frictions, improving transparency, and supporting the ongoing shift toward digital and cashless payment practices that modern travellers increasingly expect. Nevertheless, its overall effect remains moderate: the euro places Croatia on a more equal footing with other EA destinations but does not independently redefine the country's broader competitive landscape, which continues to depend on experiential quality, service standards and the strength of its tourism offer. At the same time, the pronounced expectation of rising prices underscores the importance of managing perceptions as carefully as economic realities. If tourists come to believe that Croatia has become considerably more expensive, this may erode its long-standing image as a relatively affordable Mediterranean destination. Ensuring transparent communication about actual price developments, reinforcing narratives of value-for-money, and investing in seamless payment systems will therefore be crucial for sustaining competitiveness in the EA.

Overall, the findings suggest that the euro's impact lies less in changing destination choice and more in shaping perceptions of affordability, convenience and integration within the European tourism space. By actively managing these perceptions, Croatia can reinforce its position as a reliable, modern and competitively priced EA destination.

6.1. Limitations and future research

Although exchange-rate dynamics are well examined at the macro level, little is known about how tourists perceive price changes or the role of currency in their travel decisions. This study offers novel and initial insights, but several limitations must be noted.

The main limitation is the absence of respondents' nationality, which prevents cross-market comparisons and may mask differences between international visitors and Croatian residents. The study also relies on perceptual measures, meaning that expected price changes may not fully reflect actual trends. In addition, the use of non-probability snowball sampling limits the representativeness of the findings, and digital payment behaviour is based on stated intentions rather than observed transactions. As a cross-sectional study, it cannot capture changes in attitudes over time. Future research should therefore incorporate objective data, longitudinal designs and complementary qualitative methods.

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