



Letter prices in Europe

Up-to-date international
letter price survey

2021
20th edition



1 Summary



This is the twentieth time Deutsche Post has published a study comparing current letter prices in Europe. The study reviews prices for standard letters in all 27 member states of the European Union, in the United Kingdom as well as in the European Free Trade Area (EFTA) countries of Iceland, Norway, and Switzerland.

As in previous studies, the nominal prices in the different countries were compared for the current year, i.e. 2021. The price of a domestic standard letter has increased in 14 of the surveyed countries since the last study was conducted. The average European nominal price is currently €1.16. The postage rate for letters sent within Europe increased in 16 countries, bringing the average cost for this type of letter to €1.73.

A purely nominal approach, however, does not allow for an objective assessment of the letter prices charged in the surveyed countries. Other macro-economic criteria need to be taken into account such as inflation, cost of labor and purchasing power as well as the amount of time required to earn the postage price of a letter.



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[Site "New York, NY USA"]
[Date "1997.05.11"]
[Round "6"]
[White "Deep Blue"]
[Black "Kasparov, Garry"]
[Opening "Caro-Kann: 4...Nd7"]
[ECO "B17"]
[Result "1-0"]

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In Germany, the postage rate for a domestic standard letter has remained stable at €0.80 since 2019. The consolidated comparison of postage rates presented here, which incorporates differences in labor costs and purchasing power, once again demonstrates that Deutsche Post charges a very affordable price for a standard letter, one that is significantly below the average rates charged in all other countries in this study. More affordable letter mail postage rates can be found in only four, generally much smaller countries, whereas more expensive prices for letter mail are paid by customers in 25 nations.

The highest consolidated postage rates can be found in Denmark and Finland. The country charging the lowest letter price is Malta.

Adjusted for inflation, postage rates for letters in Germany have gone up by just under 30% since 2011. In that same time period in Europe, however, the average inflation-adjusted price rose by nearly 80%.

Even when the number of working minutes needed to cover the price of a domestic letter in the countries surveyed is taken into consideration, German letter prices still remain extraordinarily competitive. Only in Malta and Switzerland are fewer working minutes needed to earn the postage rate of a standard letter.

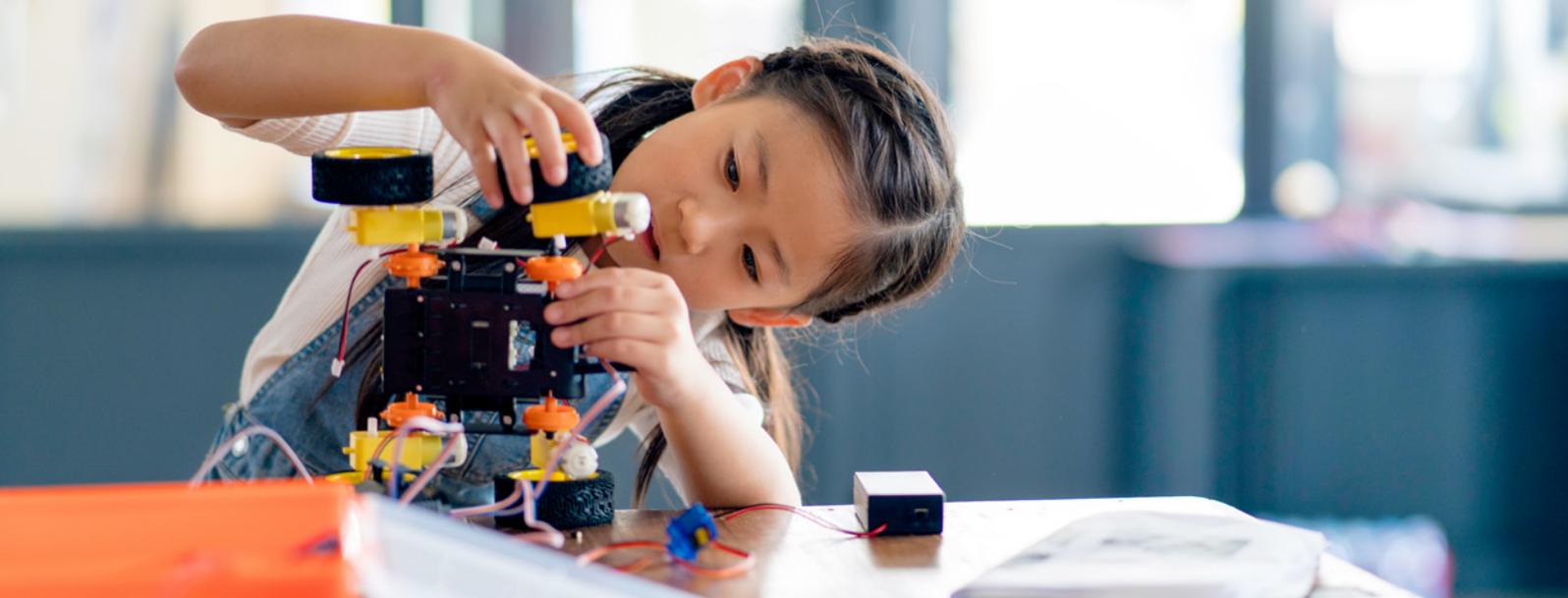
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2 Comments on methodology

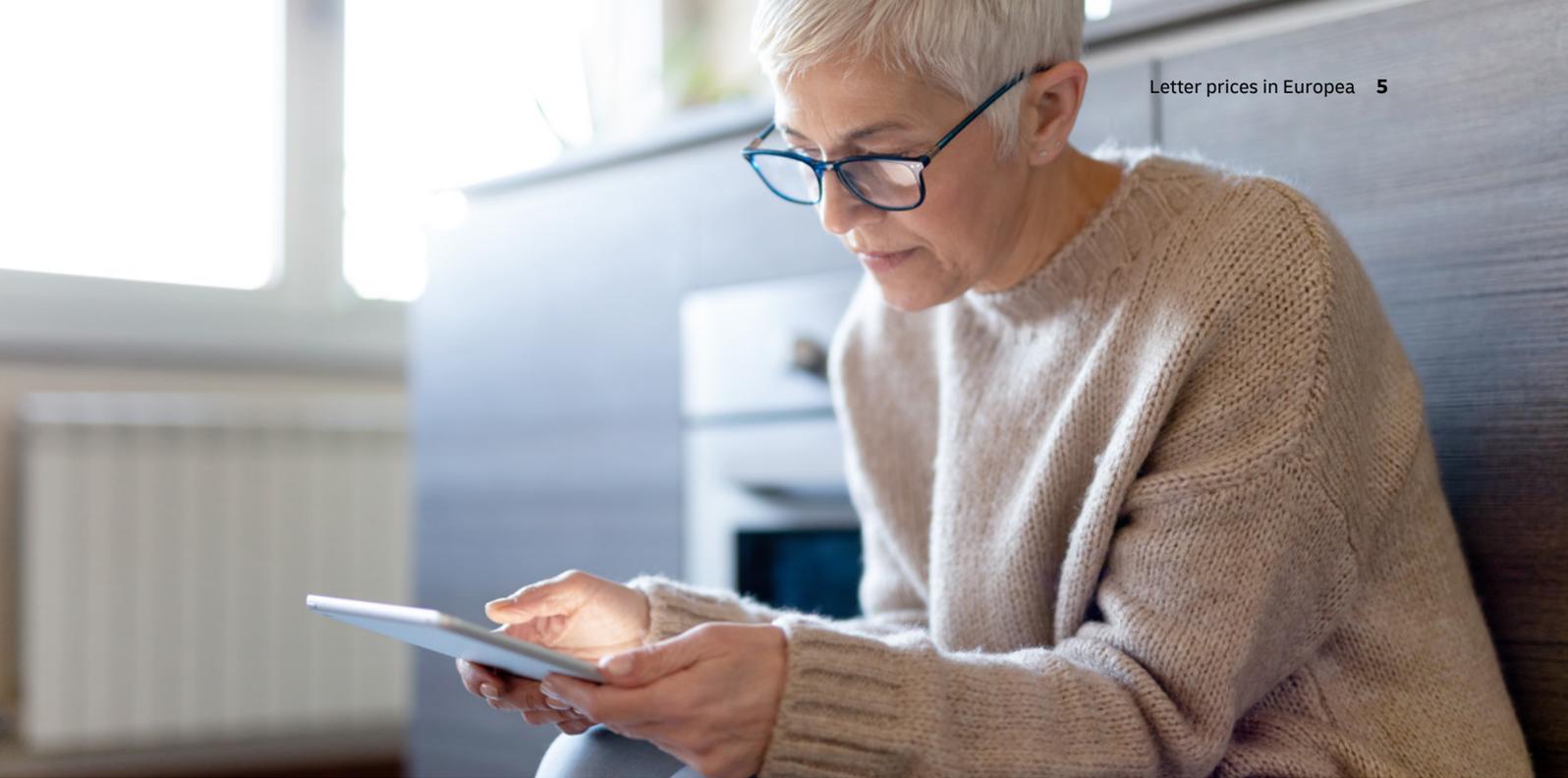
This study begins by comparing prices for domestic standard letters and international letter mail within Europe in the 27 member states of the European Union, in the United Kingdom and in the EFTA countries of Iceland, Norway, and Switzerland. For domestic letters, it considers the fastest letter mail product in all countries under review, which according to current product specifications generally carries a next-day delivery target (D+1). The primary concern here is comparability, i.e., services with quality criteria allowing for real comparison, in particular with regard to transit times.

This method is also applied to countries such as Denmark, Finland and Italy where a substitution-related decline in demand has led them to raise prices for letters with a transit time of D+1 dramatically compared to products with lower transit times or, in some instances, to those with special services such as basic item tracking.

In countries where value-added tax (VAT) is levied on the letter services considered for this comparison, the study uses the gross price, i.e., the letter price including VAT. Gross prices are significant because the most relevant factor in such a comparison are the actual prices consumers have to pay for a letter. This study considers standard letters only, as this product represents the lion's share of all letters sent by private customers and therefore best reflects actual consumer behavior on the letter market.

Nominal letter prices and the nominal price development in Europe over the last five years will be presented first, followed by the development of letter prices from 2011 to 2020, adjusted for inflation. Next, the average number of minutes industrial workers have to work in the individual countries to earn the price of a standard letter is examined. Finally, a comparison will be made of letter prices in each country,





adjusted for factors such as labor costs and differences in purchasing power. Here the relevant values for Germany and the other countries are compared as required by the respective factors to be adjusted for. The calculated ratios are multiplied by the nominal letter prices of the relevant countries, which results in the adjusted letter prices.

This study takes into account all applicable postage rates or bindingly announced price changes in those countries as of April 1, 2021. The data on the individual countries was taken from both Eurostat and postal companies in the nations surveyed. To adjust the letter prices so that they reflect labor costs, statistical data was used that most closely corresponds to the sector under

consideration (i.e., postal, courier, and express services). In order to calculate the “work in minutes per letter”, the study used data identified by the Cologne-based German Economic Institute (IW), namely the hourly wages of a worker in the manufacturing industry.

In some cases, the exchange rate had an impact on letter prices shown here. For example, the price of a domestic letter in Croatia fell after its conversion into euros even though there was no de facto price decrease in that nation.



3 Review of nominal prices



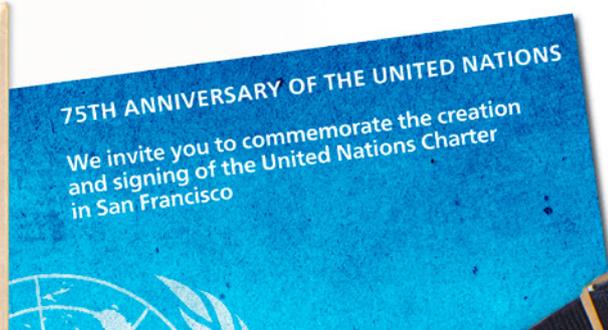
3.1 Domestic letter mail

The average price of a domestic standard letter in Europe is currently €1.16, which is four cents higher than in the previous year's study. Denmark still leads the list of domestic nominal prices, with a postage rate that converts to €3.88. Germany ranks even further below the average than in 2020 thanks to Deutsche Post's domestic standard letter price of €0.80 and, as a result, still shares last year's position of 18th with Luxembourg and Slovakia.

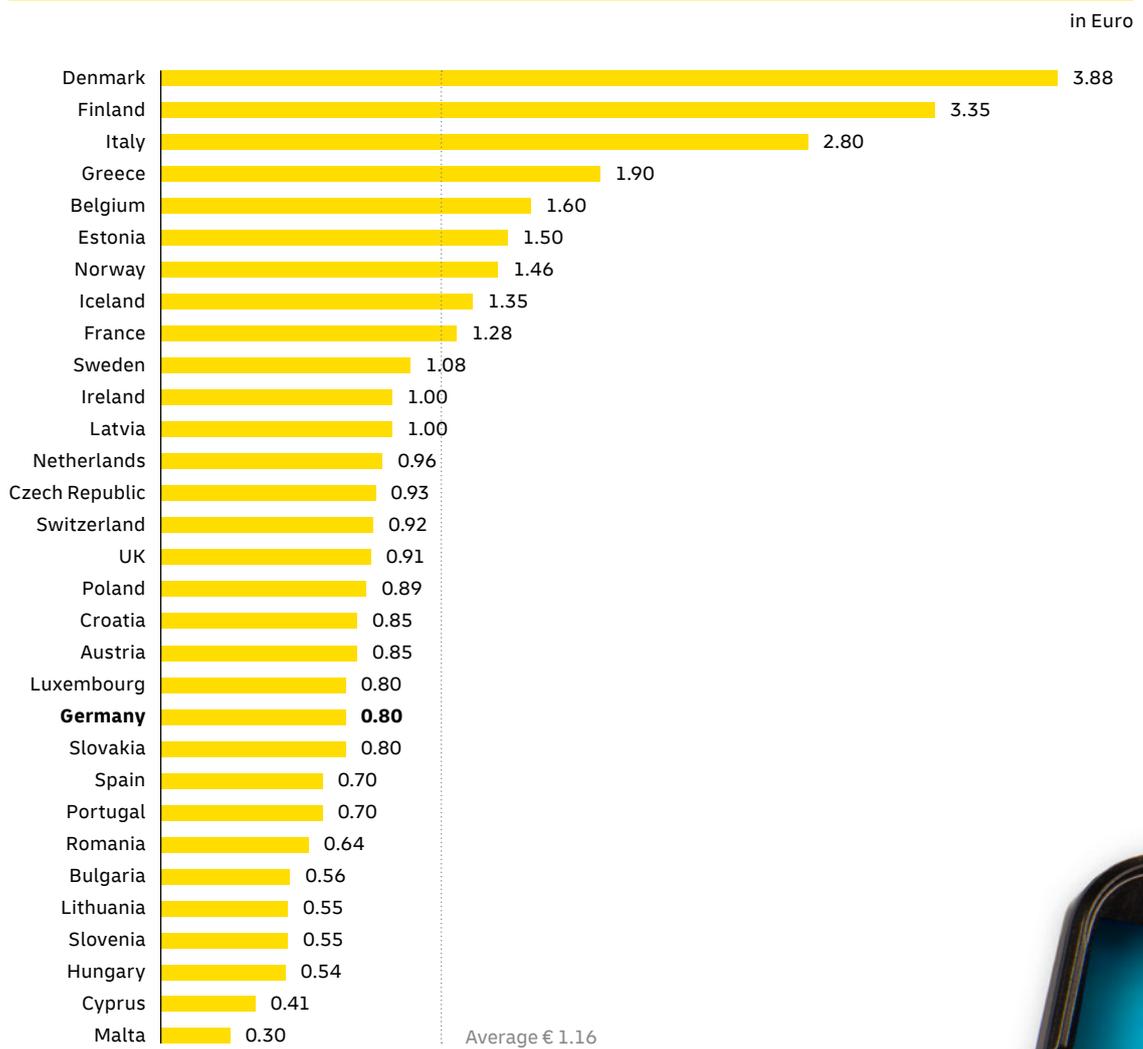
Since the 2020 study, the price of a domestic standard letter has increased in 14 countries. Slight increases of just a few euro cents were found in the Netherlands, Spain, Austria and Portugal. A moderate price increase of €0.12 was made, for example, in France. The French price hike marked the eleventh consecutive

annual increase that has been recorded in this study. A considerable price increase of €0.25 was registered in Finland. The price hike in Estonia was even more substantial, rising 130% from €0.65 to €1.50.

Fluctuations in exchange rates sometimes result in the nominal price, which is converted into euros, deviating from the figure for the previous year, even though the price in the respective national currency has remained stable. In Switzerland, for example, the converted price in euros for a standard letter is two cents higher despite no change in the nominal Swiss franc price. The converted letter price in Croatia, in contrast, fell by three euro cents even though the price in the local currency remained the same.



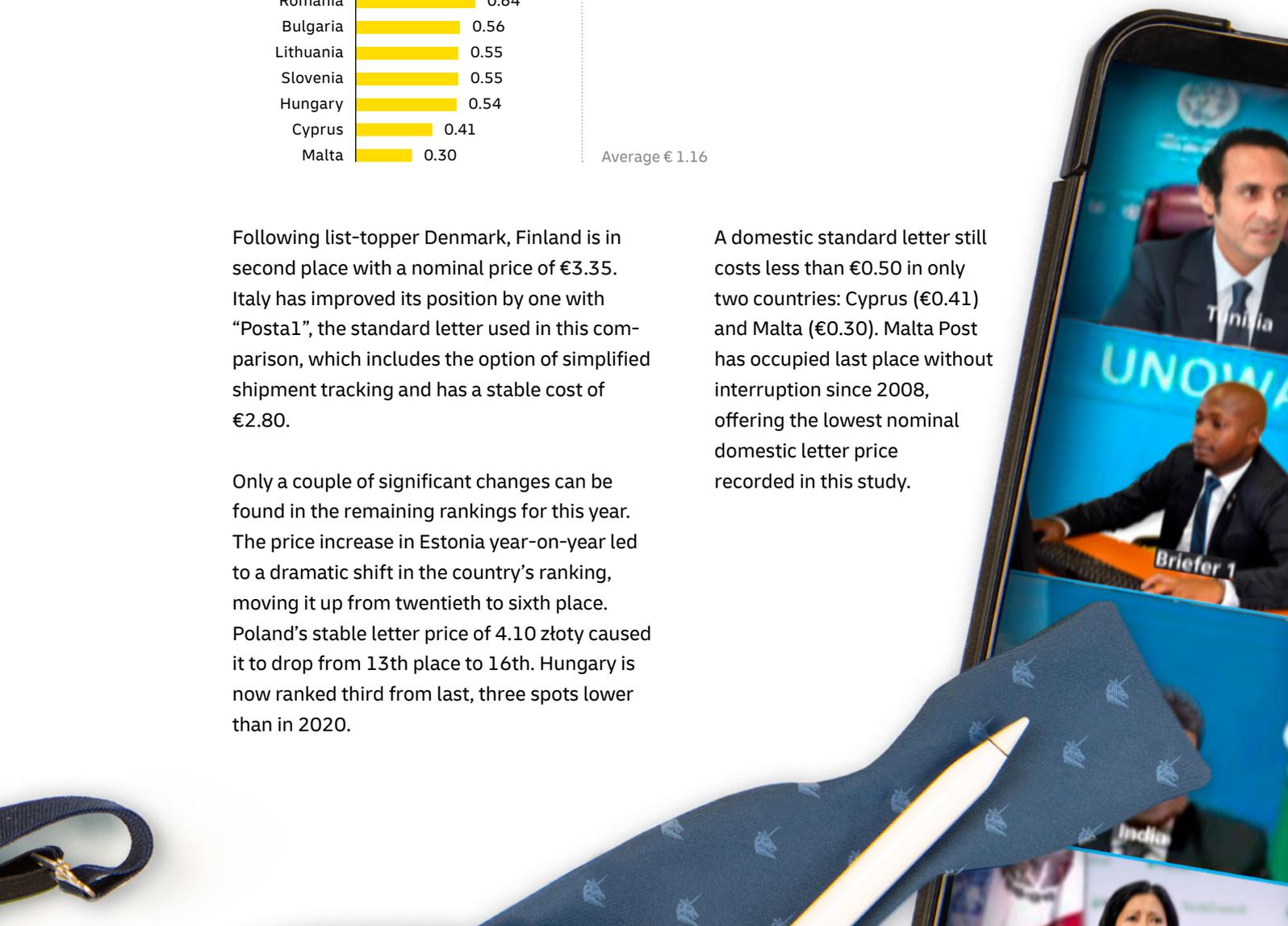
Nominal price for a domestic standard letter



Following list-topper Denmark, Finland is in second place with a nominal price of €3.35. Italy has improved its position by one with “Posta1”, the standard letter used in this comparison, which includes the option of simplified shipment tracking and has a stable cost of €2.80.

Only a couple of significant changes can be found in the remaining rankings for this year. The price increase in Estonia year-on-year led to a dramatic shift in the country’s ranking, moving it up from twentieth to sixth place. Poland’s stable letter price of 4.10 zloty caused it to drop from 13th place to 16th. Hungary is now ranked third from last, three spots lower than in 2020.

A domestic standard letter still costs less than €0.50 in only two countries: Cyprus (€0.41) and Malta (€0.30). Malta Post has occupied last place without interruption since 2008, offering the lowest nominal domestic letter price recorded in this study.





3.2 Price developments since 2016

In most European countries, the price for a domestic standard letter has risen dramatically over the last five years. A look at the price trend in terms of percentage shows this development quite clearly. On average, the nominal prices for the domestic letter in local currencies have increased in the last five years by nearly 53%.

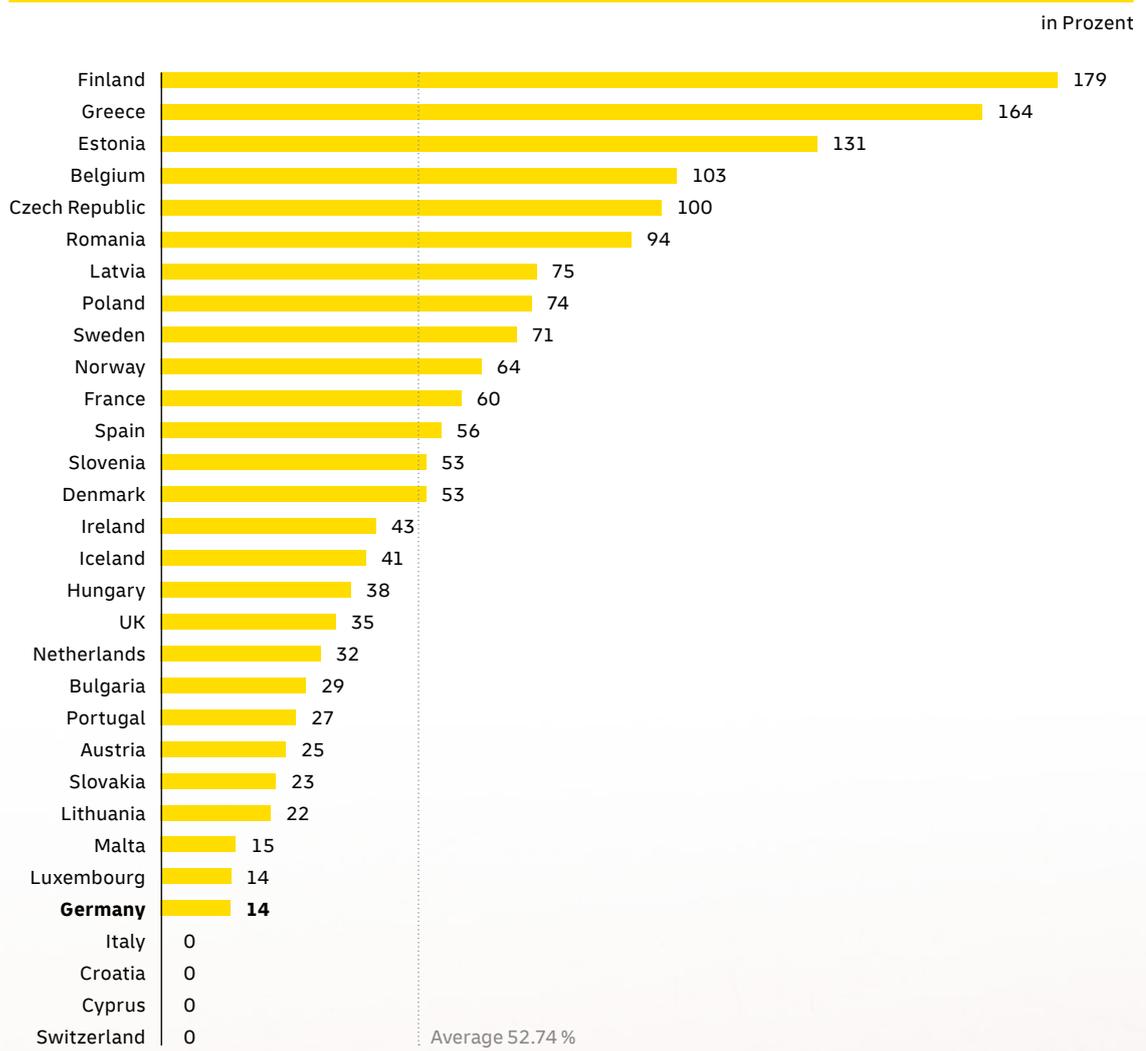
This development is also reflected in the change in the average nominal price, which was €0.80 in 2016 and is currently €1.16 as mentioned above. This corresponds to an increase of approximately 45%.

Finland has led the ranking of price increases since 2016 with a 179% price increase, followed by Denmark with 164% and Estonia with 131%. In the Czech Republic and Belgium, the nominal letter price has doubled since 2016. The nominal price has remained unchanged over the past five years in Italy, Croatia, Cyprus and Switzerland

At 14%, Germany's nominal increase of the standard letter price puts the country in second to last place in this overview, well below the European average. Letter prices have risen more sharply in 25 of the 31 surveyed European states over the last five years than they have in Germany.



Price developments 2016 – 2021



3.3 Letter mail within Europe



Since the most recent study last year, the price for sending a standard letter to another European state has risen in 16 of the countries under review. In 13 of these countries, postal service providers also raised domestic letter rates. In Denmark and Poland, price hikes were limited to intra-European letters and in Iceland to domestic letters. In 15 countries, the postage rate for letters sent within Europe saw no change.

The average price for sending letters within Europe is currently €1.73 or six cents more than in last year. In 14 countries the postage for Europe-wide mail dispatch is more expensive than the average; in 16 countries it is below the average; and in Poland the price matches the average.

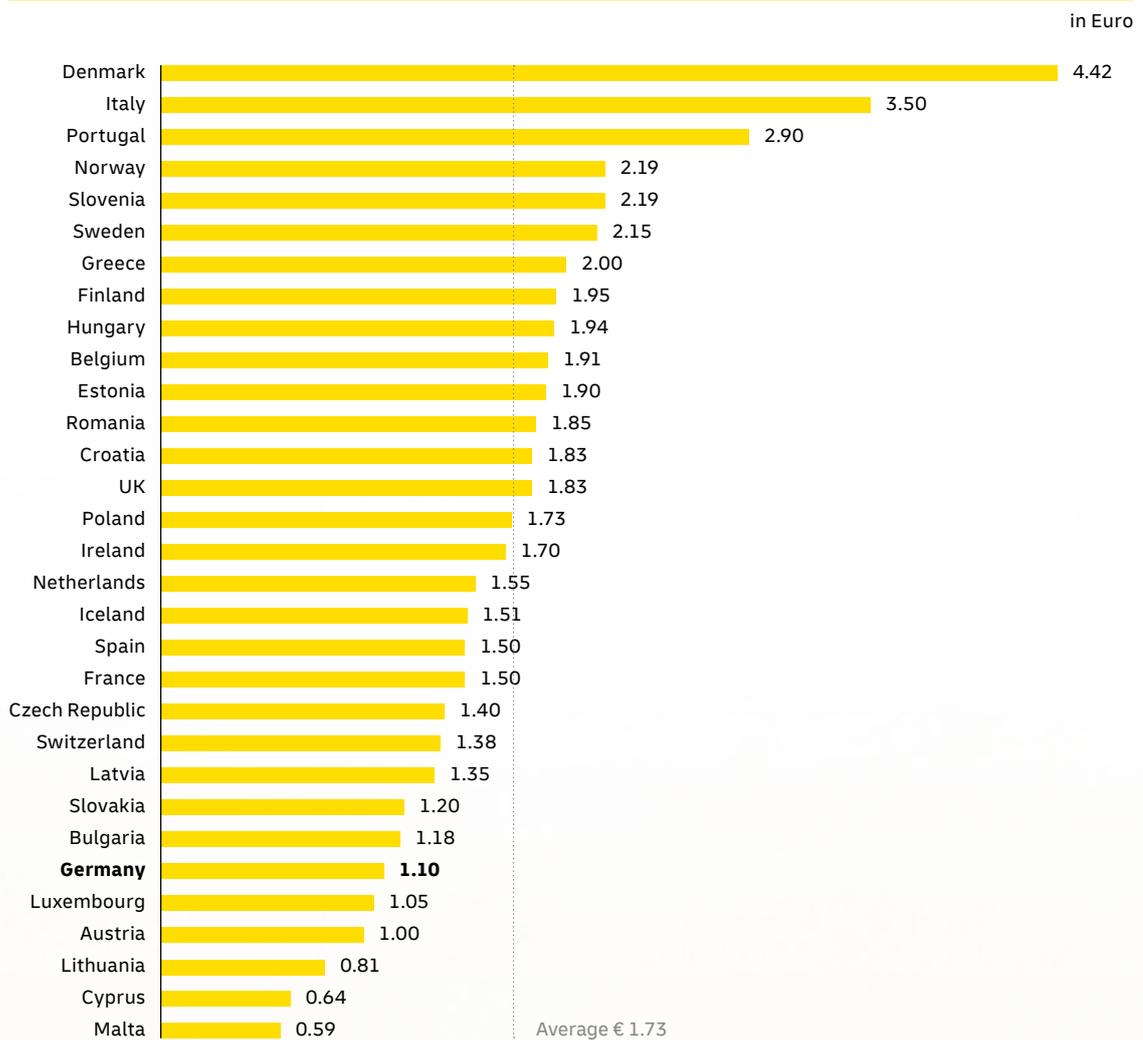
Estonia also stands out with this type of letter thanks to a half-euro price increase to €1.90. Considerable price rises were also seen in Belgium (+19%) and Finland (+15%). Countries like Austria, Portugal and France made modest increases of ten cents (nearly ten percent) to the prices of intra-European letters. Increases in the Netherlands and Spain were even more modest – only five cents each.

Exchange rate fluctuations also had an impact on letter mail within Europe. In the Czech Republic, for example, the intra-European letter price did not change in the local currency, but its conversion into euros resulted in a price drop of €0.12.

In nearly all countries, it costs more to send a letter within Europe than to send one domestically. The only exception is Finland, where a standard letter to another country in Europe costs €1.95 but its domestic dispatch (with proof of delivery) is €3.35. In fact, the average price for a Europe-



Nominal price for letter mail within Europe



wide letter is now 1.8 times higher than the price for a domestic standard letter. In Germany, where the price for a letter within Europe is €1.10, that same ratio is just under 1.4.

Denmark, Italy and Portugal still top the ranking list of nominal prices for intra-European letters. As a result of Estonia's considerable price increase, the country made a considerable jump on this table as well, from 18th to tenth place. Belgium rose four spots to reach ninth place, Romania five to reach 17th. Croatia's stable price of 14 kunas dropped it four places in the ranking to 12th place.

Germany has kept its very low position in the ranking (23rd) thanks to Deutsche Post's consi-



derably below average price for standard letters to other European countries. Only five other countries have lower prices. The bottom group with the most economical prices within Europe include Latvia and Cyprus with values below one euro as well as last-place Malta, whose price is just €0.59.



4 Adjustment for inflation since 2011



Any meaningful comparison of letter prices in Europe must also take the various general price developments into consideration. A letter price that is nominally stable in a country, for instance, changes annually at the rate of inflation when that price is viewed in real terms.

By providing an account of the inflation-adjusted price trends over the last ten years in the 31 countries under review, it is possible to obtain a useful overview of the impact of the different rates.

In the period from 2011 to 2020, the average rate of inflation in all European countries surveyed was 1.32%. This ranged from -0.1% in Switzerland and 0.57% in Greece to just under 2.57% in Romania. In Germany, the average rate of inflation over the past ten years was 1.22%, in Lithuania 1.69% and in Hungary 2.17%.

When inflation is taken into account, the price of a standard domestic letter in the countries surveyed has risen on average by 79.11% since 2011. Twelve countries had values above that average, 19 below it.

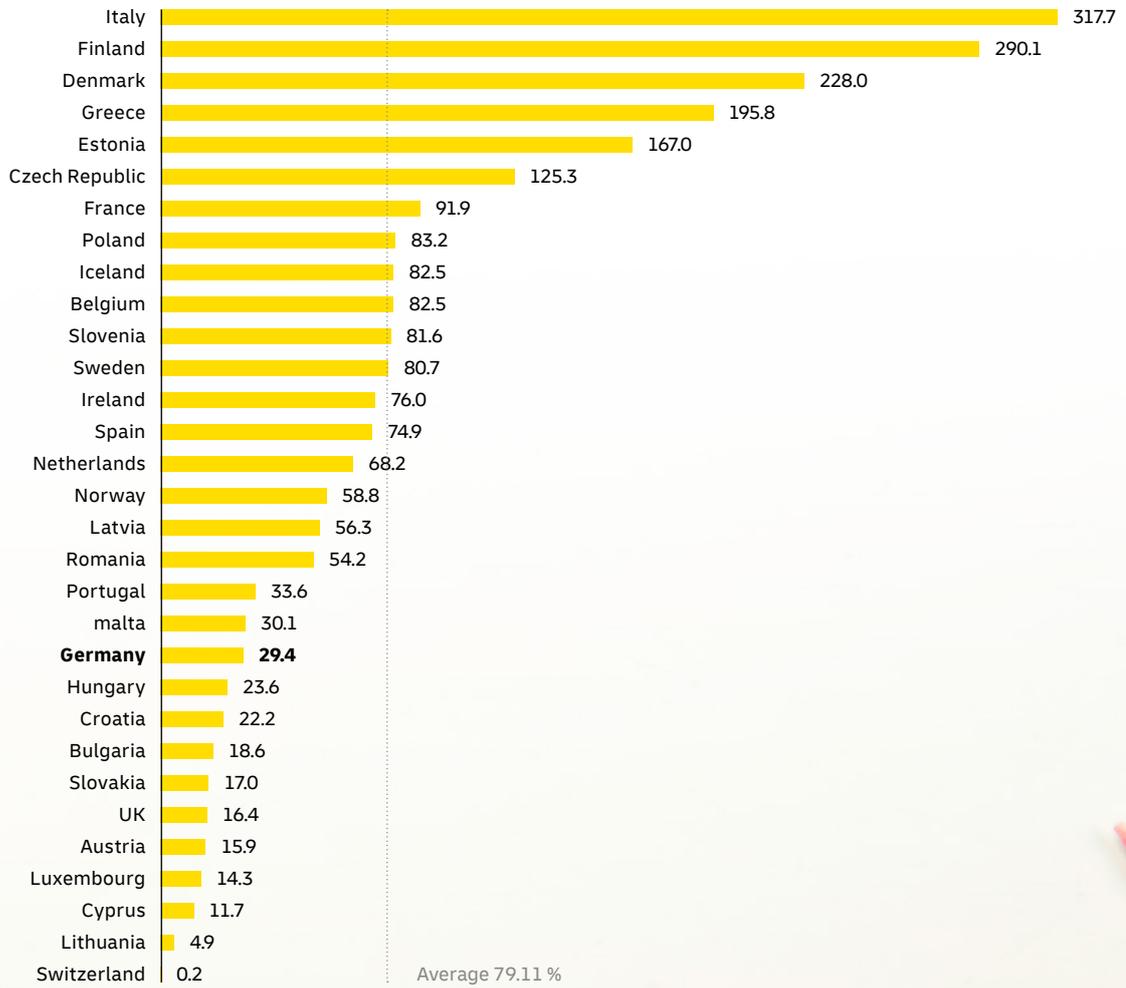
Italy and Finland lead this particular ranking list. In both countries, the domestic letter price adjusted for inflation rose by around 300%. Denmark follows with 228%, Greece with nearly 196% and Estonia and the Czech Republic with over 100%. In France, the inflation-adjusted letter price nearly doubled. Switzerland is the only country where the inflation-adjusted price for letters has remained nearly stable. In Lithuania, it rose by less than five percent.

The inflation-adjusted postage rate in Germany has increased by 29.4% since 2011. This increase, though considerable at nearly 50%, is still below the average, putting Germany in the lower middle of the table (20th place).



Inflation-adjusted change in letter prices 2011 – 2020

in Prozent





5 Work in minutes per letter price

According to the European Union's Postal Services Directive, prices for universal service products must be "affordable" in the member states of the European Union. Affordability – and thus compliance – in these countries can only be assessed, however, by taking the different wage levels into account. A good indicator of affordability is the amount of working time needed to earn the cash equivalent of the letter price in the individual country.



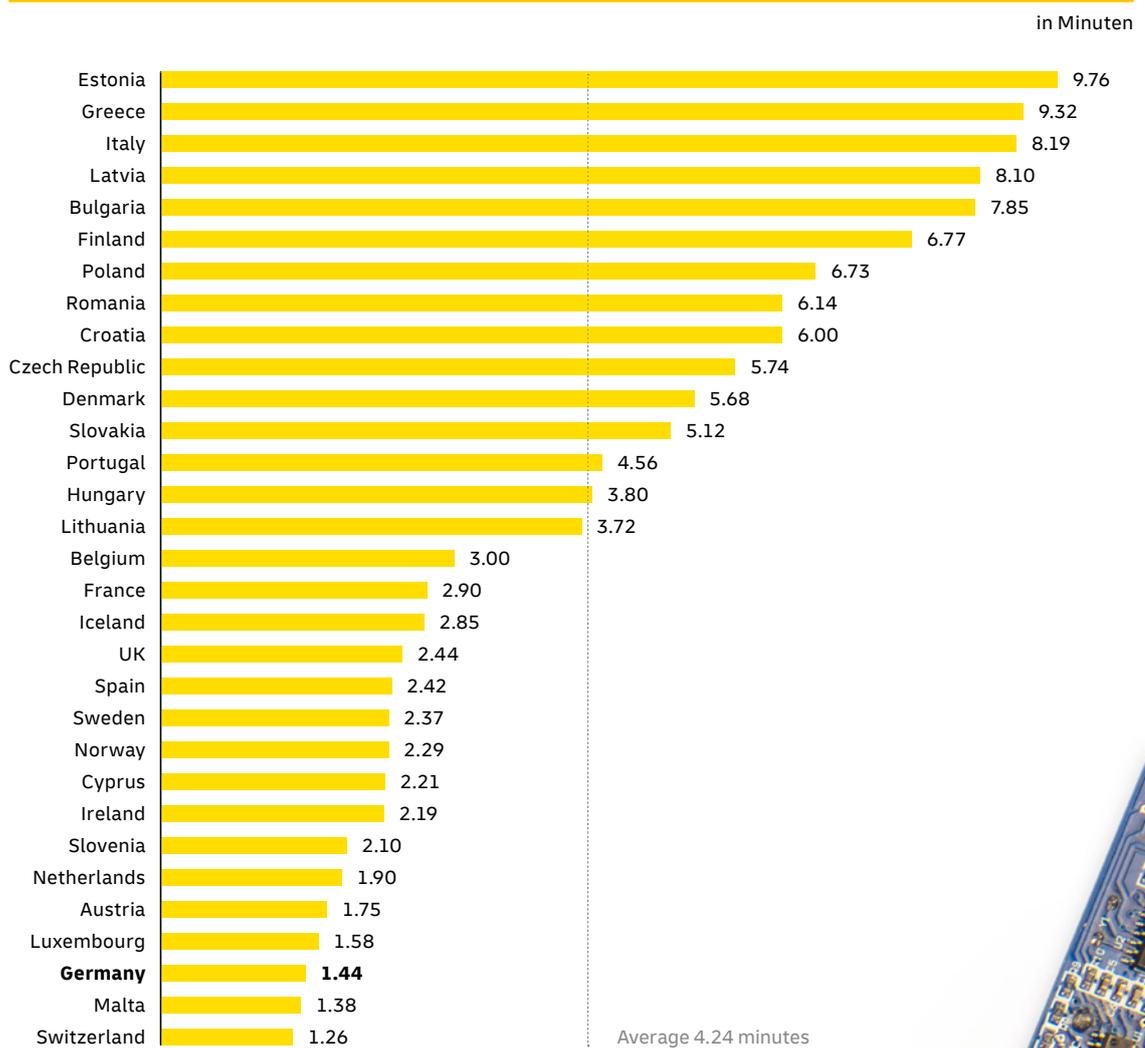
This calculation is based on the hourly wage of an industrial worker. Once again, information on the hourly rates for workers in the manufacturing industry was provided by the German Economic Institute and postal service providers, and has served as a consistent and reliable data base for this part of the study.

On average, a worker in Europe has to dedicate 4.24 minutes of working time to earn the cash equivalent of a standard letter. This average time has dropped slightly compared with the prior year. In 2020, it took an average of 4.32 minutes to earn the cost of a letter.

The country where workers have to work the longest to cover the cost of a domestic standard letter is Estonia, with nearly ten minutes. Last year's leader in longest working time, Greece,



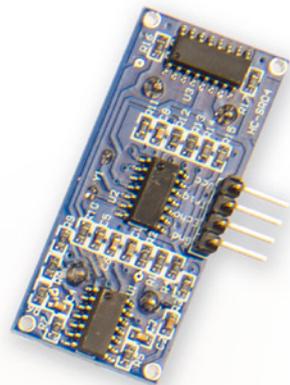
Work in minutes per letter price



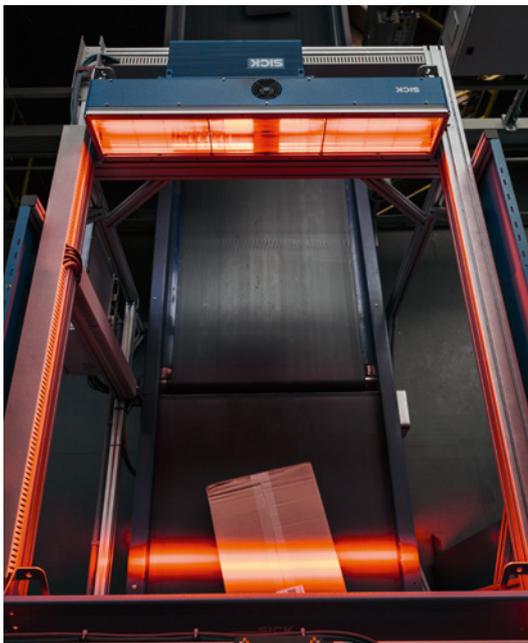
has slipped into second with over nine minutes per standard letter. Italy occupies third place with 8.19 minutes of work needed to cover the cost of a domestic letter, which is slightly shorter than last year's time.

markedly below average time of 1.44 minutes per letter (2020: 1.48 minutes). The working time criterion, in other words, also demonstrates the particular affordability of the Deutsche Post letter price.

Once again, the least amount needed to cover these costs was the 1.26 minutes found in Switzerland. This is an improvement over last year's result of 1.35 minutes. Germany continues to be third from bottom in this ranking thanks to a



6 Adjustment for labor costs



Mail delivery operations are particularly labor intensive compared to other sectors. This in turn is reflected in the high percentage of staff costs to total costs. However, the cost of labor varies greatly from country to country, so that the individual postal service providers have to shoulder differing levels of staff costs. Given the heterogeneity of Europe's wage and welfare state structures, these varying labor costs must be taken into consideration to conduct a meaningful comparison of letter prices in Europe.

The first step is to recognize that staff labor only comprise a certain percentage of the overall costs of mail transport. As a result, only this percentage is factored into the cost adjustment, while the rest remains unaffected.

For the adjustment, ratios are calculated using the labor costs for Germany and the respective countries, which are then multiplied by the share of the letter price accounted for by staff costs. Statistics on the cost of labor in the postal, courier, and express services sector in the countries surveyed can also be used in this context.

The average European price calculated using this method is currently €1.57, making it one cent higher than in the previous year and €0.77 more than the price charged by Deutsche Post. This average value is exceeded in 12 countries, while in 19 others the letter price rate adjusted for labor costs is below the average.

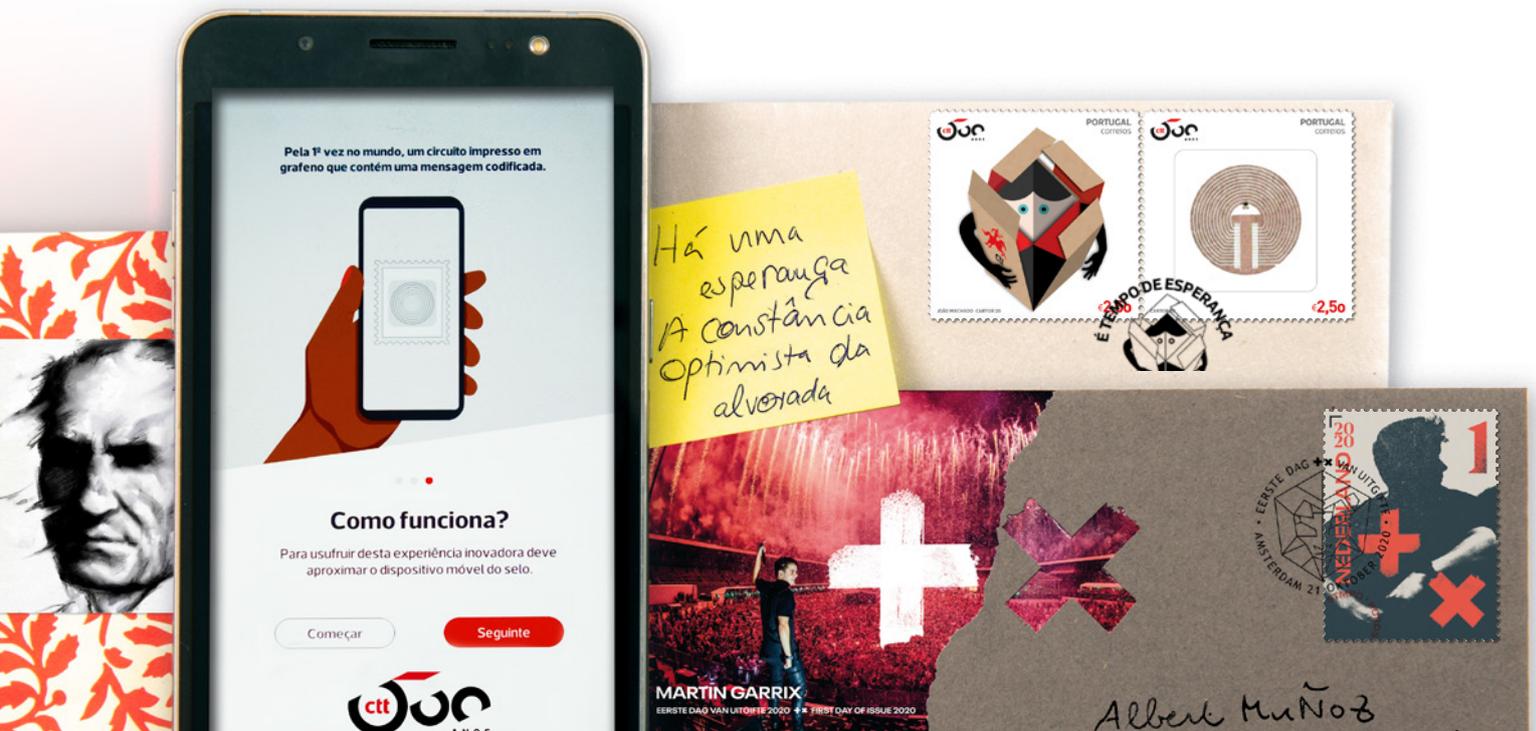
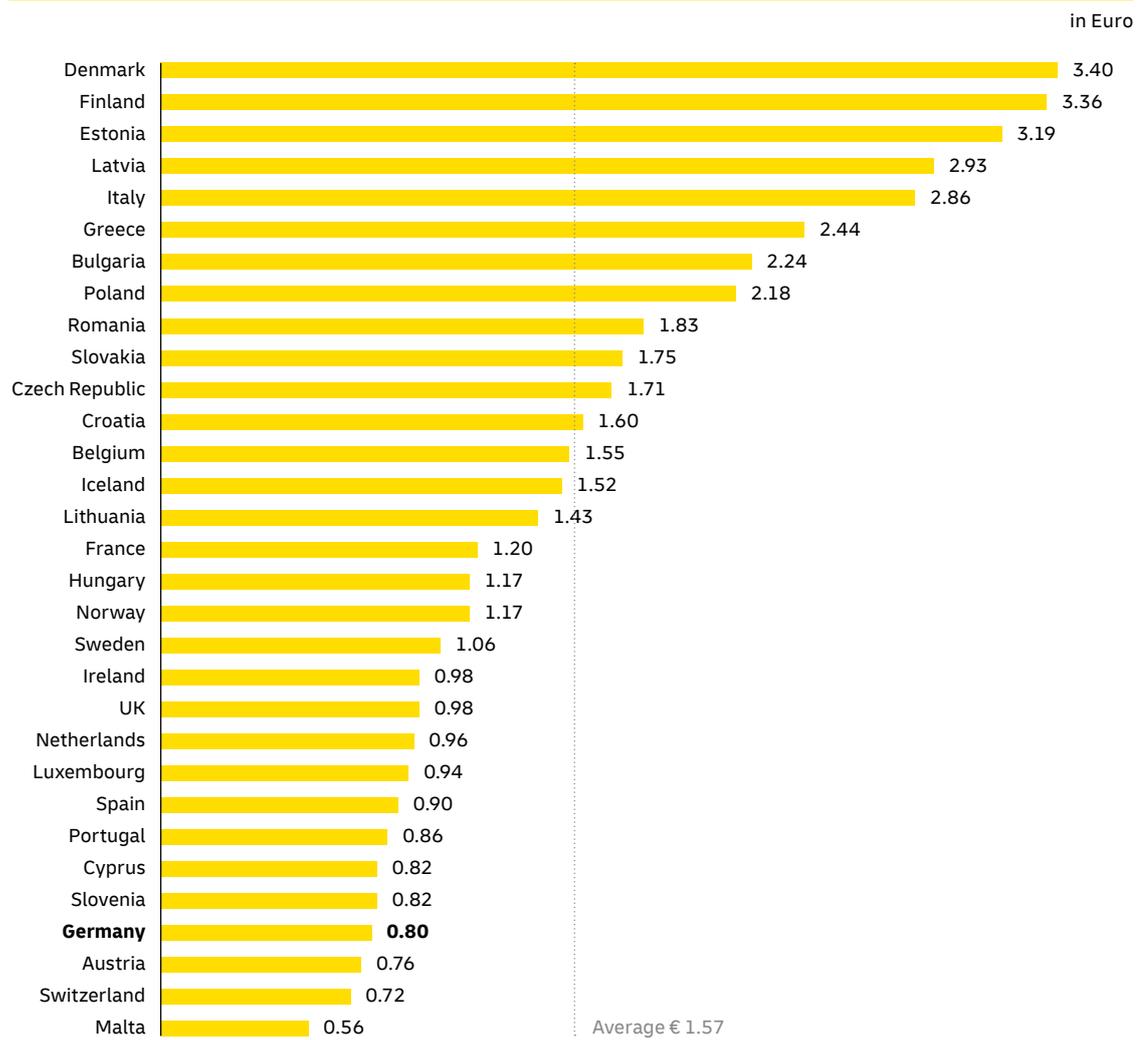
Denmark, at €3.40, and Finland, with €3.36, occupy first and second place on this table. Estonia's price increase has a considerable impact here as well: The Baltic country's rate of €3.19 puts it in third place following its ranking of 13 in the prior year. The labor-adjusted letter price in Romania has fallen considerably. In 2020, Poșta Română, the national postal company, charged €2.42 for its standard letter. Since then, the price has dropped €0.59 cents to €1.83, putting the country in ninth place from its previous eighth. The rate for Lithuania has also fallen, from €1.83 to €1.43. Lithuania now ranks 15 following its tenth place position last year.

Belgium increased its price appreciably. The letter mail rate adjusted for labor costs rose €0.38 to €1.55, landing Belgium in 13th place, three ranks higher than in 2020.

At €0.80, Germany occupies a position quite low on the table (rank 25). A lower letter price is offered only in Austria, Switzerland and Malta, when labor costs are taken into consideration.



Letter prices adjusted for labor costs



7 Adjustment for purchasing power differences

Income levels and social prosperity vary in European countries. As a result purchasing power also varies. These variations in turn are essential to answering the question of how affordable letter prices actually are in each country.

By taking purchasing power into account, the macro-economic conditions in the countries under review are also taken into consideration. Parity in purchasing power also compensates for the differences in price levels in individual countries that emerge when currencies are converted.

To factor in this type of parity, letter prices are divided by the countries' purchasing power relative to Germany. This means that letter prices in countries with a relatively high purchasing power compared to Germany are cheaper and vice versa. The adjustment is based on purchasing power parities published by the EU statistical office, Eurostat. The comparative price levels are used as a basis and represent the actual price of the same representative basket of consumer goods and services in each country in a comparable currency unit.

The average price of a domestic standard letter in the 31 European countries surveyed, adjusted for purchasing power differences, is €1.30, six cents more than in 2020. In 11 countries the letter price is below this average; in 19 others it is above this threshold. The letter price in France corresponds exactly to the average.

The table of letter prices adjusted for purchasing power continues to be dominated by Denmark, which has a converted postage rate of €3.23.

In Italy, too, the price for a standard letter is still over €3.00 when purchasing power differences are considered. The price in Finland, at €2.95, is slightly lower. In this area as well Belgium made a major leap in the rankings. The Belgian price adjusted for purchasing power rose from



€1.16 in the past year to a €1.57, sending it from 13th place to its current rank of seven. The letter price adjusted for purchasing power also increased significantly in France. In 2020, it was €1.14, but the current study shows that the price has jumped by €0.16 to €1.30. As a result France's La Poste is up two places on this table over last year and is now ranked 12.

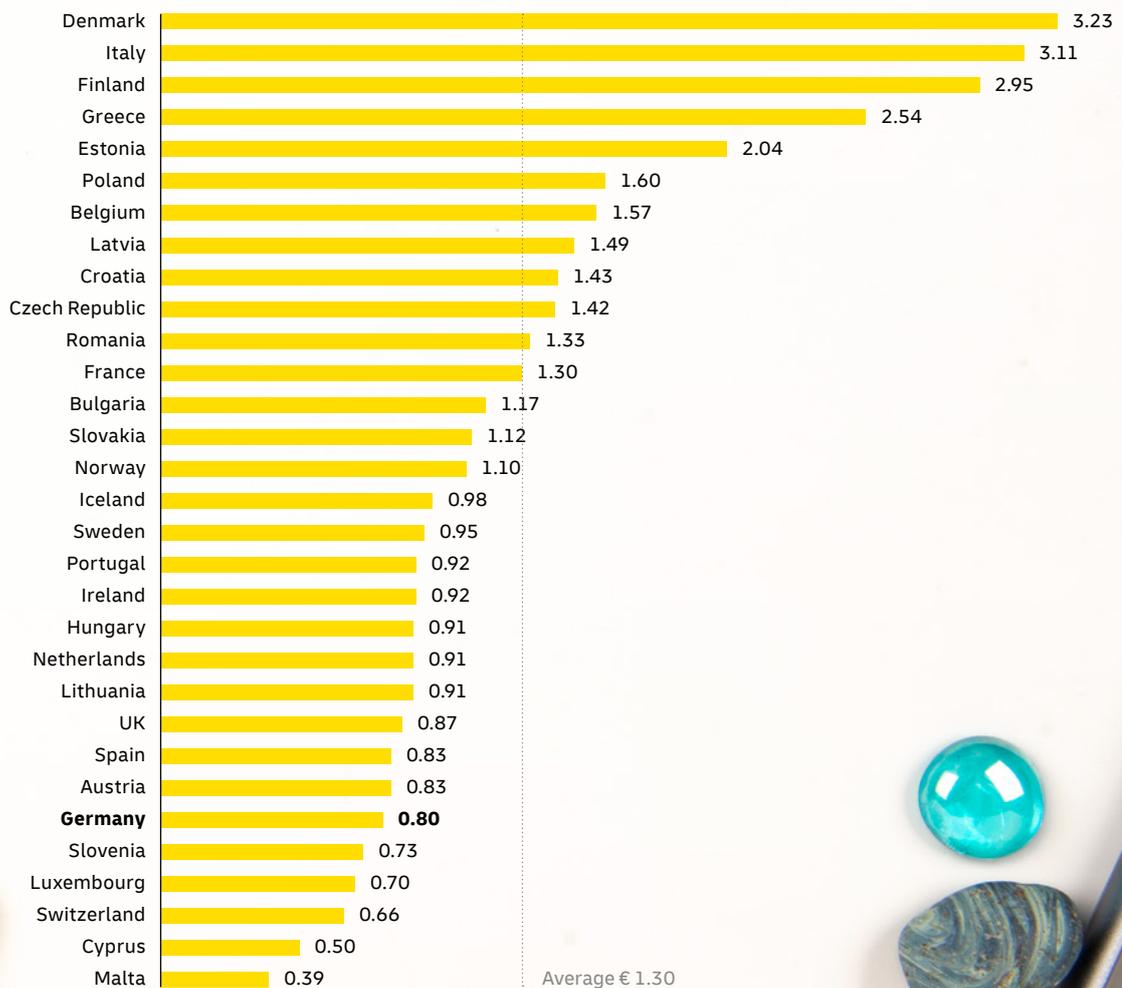
Germany, with a postage rate of €0.80, holds a low position in this ranking. The price of Deutsche Post's domestic standard letter is thus €0.50 below the European average when adjusted for purchasing power. Letter prices for postal customers continued to be particularly affordable in the island nations of Cyprus and Malta, at €0.50 and €0.39 respectively.





Letter prices adjusted for purchasing power differences

in Euro





8 Consolidated results

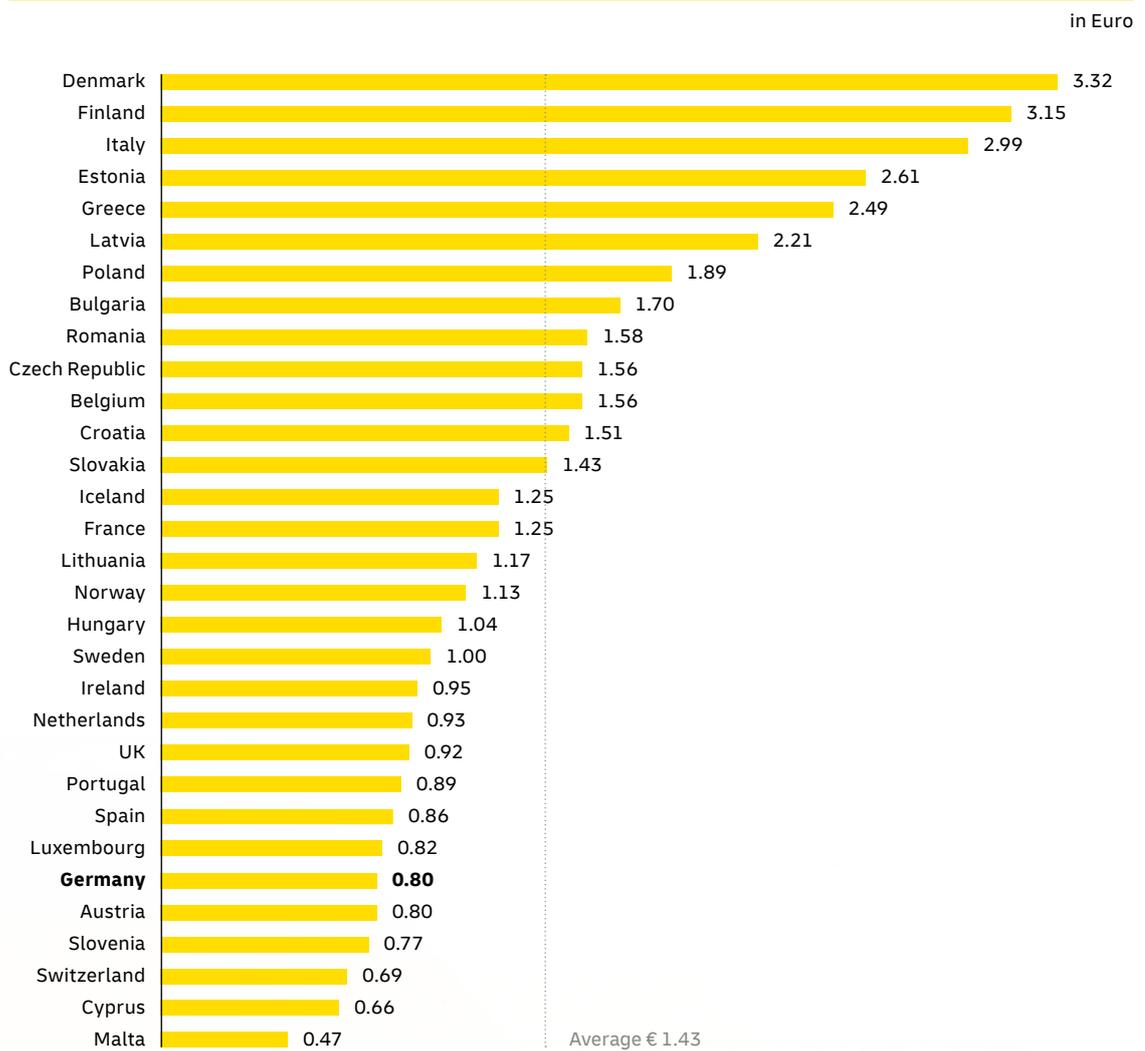
In the final step, the letter prices are adjusted for the macro-economic factors of both labor costs and purchasing power and then consolidated into an overall result to produce a performance indicator that is particularly informative.

The average European letter price calculated in this way is now €1.43 or three cents higher than last year. Consolidated letter prices are above this average value in 12 countries and below it in 18 others. Slovakia's price is exactly average.

The first two places are once again occupied by Denmark and Finland, with values over three euros. Italy, just below that mark at €2.99, now holds third. Estonia, Greece and Latvia follow on their heels with prices over two euros. In twelve countries the consolidated letter price costs less than one euro. Ireland leads this group with a price of €0.95 and a ranking of 18. The consolidated Irish letter mail price fell by €0.11 compared with last year.

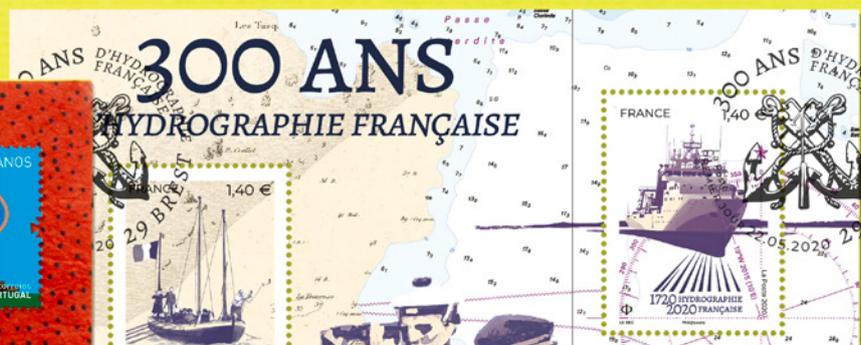


Consolidated overall results



Germany, in 24th place together with Austria, continues to be ranked in the bottom fifth of the table. Cheaper consolidated letter prices than in Germany were found in only four generally much smaller countries: Slovenia, Switzerland, Cyprus, and Malta. In 25 European countries, however, postage is less affordable than in Germany.

The comparison of the consolidated letter mail prices in Europe once again clearly demonstrate that for years now Deutsche Post has offered a top quality service in the form of its affordably priced domestic standard letter.



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