



Letter prices in Europe

Up-to-date international
letter price survey

June 2019
18th edition



1 Summary

This is the eighteenth time Deutsche Post has published a study comparing current letter prices in Europe. This study covers letter prices in all 28 member states of the European Union as well as prices 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 year 2019. The price of a domestic standard letter has increased in 15 of the surveyed countries since the last study was carried out.

The average European nominal price is currently € 0.97. The postage rate for letters sent within Europe increased in 18 countries, bringing the average cost per letter to € 1.58.

However, a purely nominal approach does not allow for an objective assessment of the letter prices charged in the countries surveyed. 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.



In Germany, the price of a standard letter has been increased € 0.10 to € 0.80 as of July 1, 2019. The consolidated comparison of postage rates, which incorporates differences in labor costs and purchasing power, once again clearly 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 seven, generally much smaller countries, whereas more expensive prices for letter mail are paid by customers in 22 nations.

The highest consolidated postage rates can be found in Denmark and Italy ahead of a series of mostly eastern European countries. The lowest letter price is charged by Malta.

Adjusted for inflation, postage rates for letters in Germany have gone up by over 30% since 2009. Over that same time period in Europe, however, the average inflation-adjusted price rose by a bit more than 56%.

Even when the number of working minutes needed to cover the price of a standard letter in the countries surveyed is taken into consideration, German letter prices still remain very 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 letter mail within Europe in the 28 member states of the European Union 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 only letter products included were those with quality criteria enabling them to be compared to one another, in particular with regard to transit time.

This method is also applied to countries such as Denmark and Italy, which in response to substitution-related decline in demand have raised their letter prices with a transit time of D+1 to a particularly high level compared to those with lower transit times. In Iceland, a high-priced product with a transit time of D+1 that had been included in past studies, “Quick bréf”, was discontinued. As a result, only the less expensive offer, “Almenn bréf”, is reviewed here.

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. This is because the most relevant factor in such a comparison is the actual price that the consumer has 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 in 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 2009 to 2018, 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 will be calculated. Finally, a comparison will be made of the letter prices of each country under review, adjusted for factors such as labor costs and purchasing power differences. 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.

The present study utilizes postage rates or officially announced price changes in place as of June 1, 2019, in the different countries. 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 study indicates that the price of a domestic letter in Croatia, when converted to euros, has risen even though there has been no de facto price increase in that country.



3 Review of nominal prices



3.1 Domestic letter mail

The average price of a domestic standard letter in Europe is currently € 0.97. The most expensive nominal price is found in Denmark, where a letter costs € 3.89 (converted). The lowest price in nominal terms for letter mail in all of Europe is charged in Malta, a mere € 0.28. Germany ranks well below the average due to Deutsche Post's domestic standard letter price of € 0.80, maintaining its mid-range position from last year and taking 14th place together with Luxembourg and Austria.

Since the last study was carried out, the price of a domestic standard letter has increased in fifteen of the countries under review. Slight increases of just a few euro cents or pennies were found in the Netherlands, Spain and the UK. The prices in Luxembourg, Germany and France rose in each country by the moderate amount of € 0.10. In France, that hike marked the tenth annual increase in a row that has been recorded in this study. Significant price increases of over € 0.10 occurred in Austria and Belgium. In Poland, the letter price increased by 28 % from 3.20 to 4.10 Złoty; in Romania, the price doubled from 1.40 to 2.80 Lei.

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 the case of Switzerland, for example, prices are three cents lower when they are converted into euros even though the postage rate for a standard letter remained the same in Swiss francs. On the other hand, the price for a standard letter in Croatia, converted into euros, rose by one cent even though the price did not rise in the local currency.

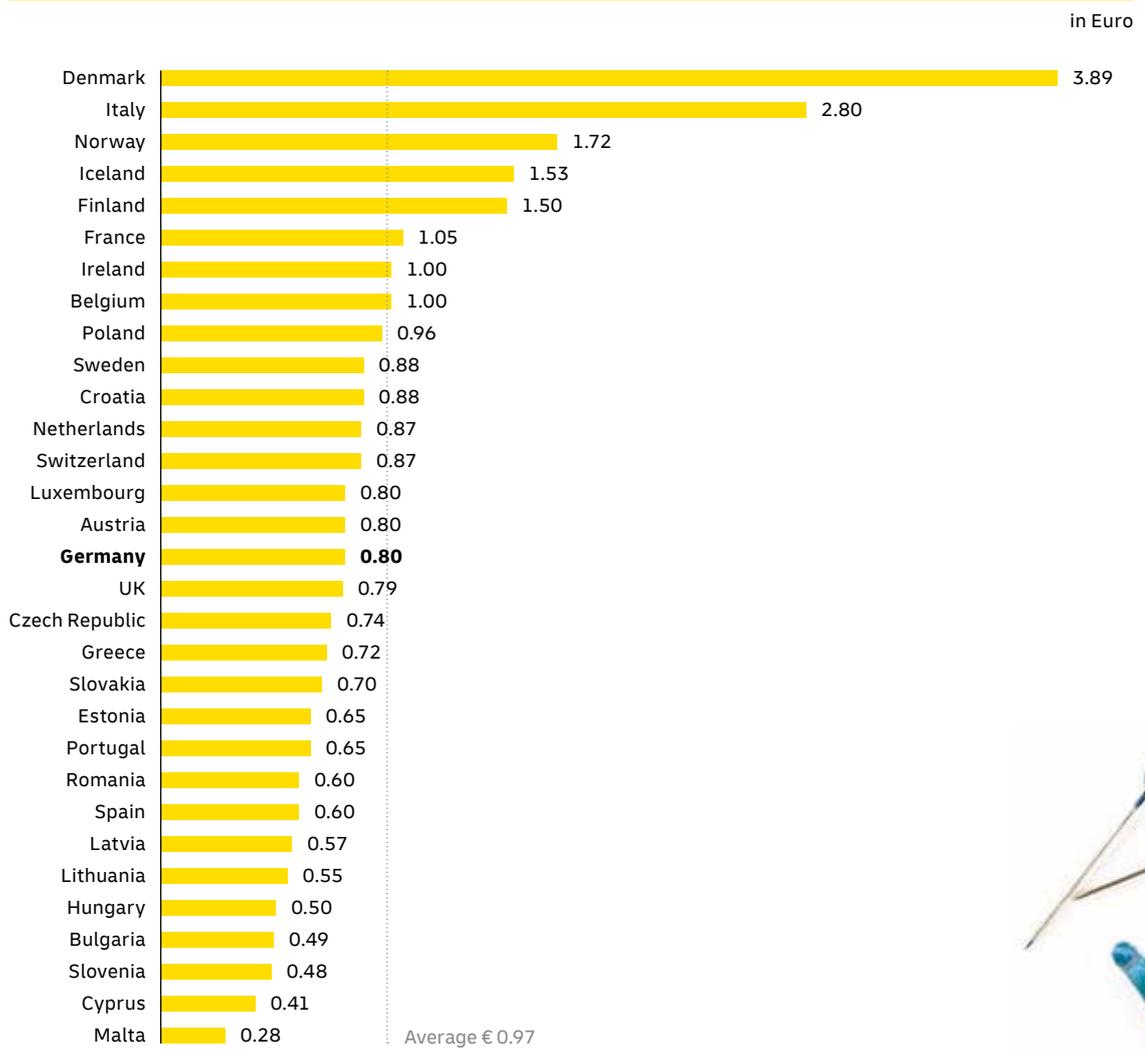
Denmark now leads the list of domestic nominal prices, with a letter price that converts to € 3.89. Second place is held by Italy and its stable letter price of € 2.80. The Italian standard letter, which in this comparison is "Posta1", includes the option of simplified shipment tracking.



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Nominal price for a domestic standard letter



Only a few significant changes can be found in the remaining ranking this year. The price increase in Belgium moved the country up two spaces year-on-year from tenth to seventh place. Poland's major price increase led to a five-place jump from 14th to ninth position. Switzerland dropped three places to 12th. Owing to its marked price increase, Romania climbed seven places in the ranking to 23rd position.

A domestic standard letter still costs less than € 0.50 (converted) in only four countries: Bulgaria (€ 0.49), Slovenia (€ 0.48), Cyprus (€ 0.41) and Malta (€ 0.28). Since 2008, Malta Post has continuously offered the lowest nominal domestic letter price recorded in this study.





3.2 Price developments since 2014

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 about 50 %.

This development is also reflected in the change in the average nominal price, which was € 0.62 in 2014 and is currently € 0.97 as mentioned above. This corresponds to an increase of approximately 56 %.

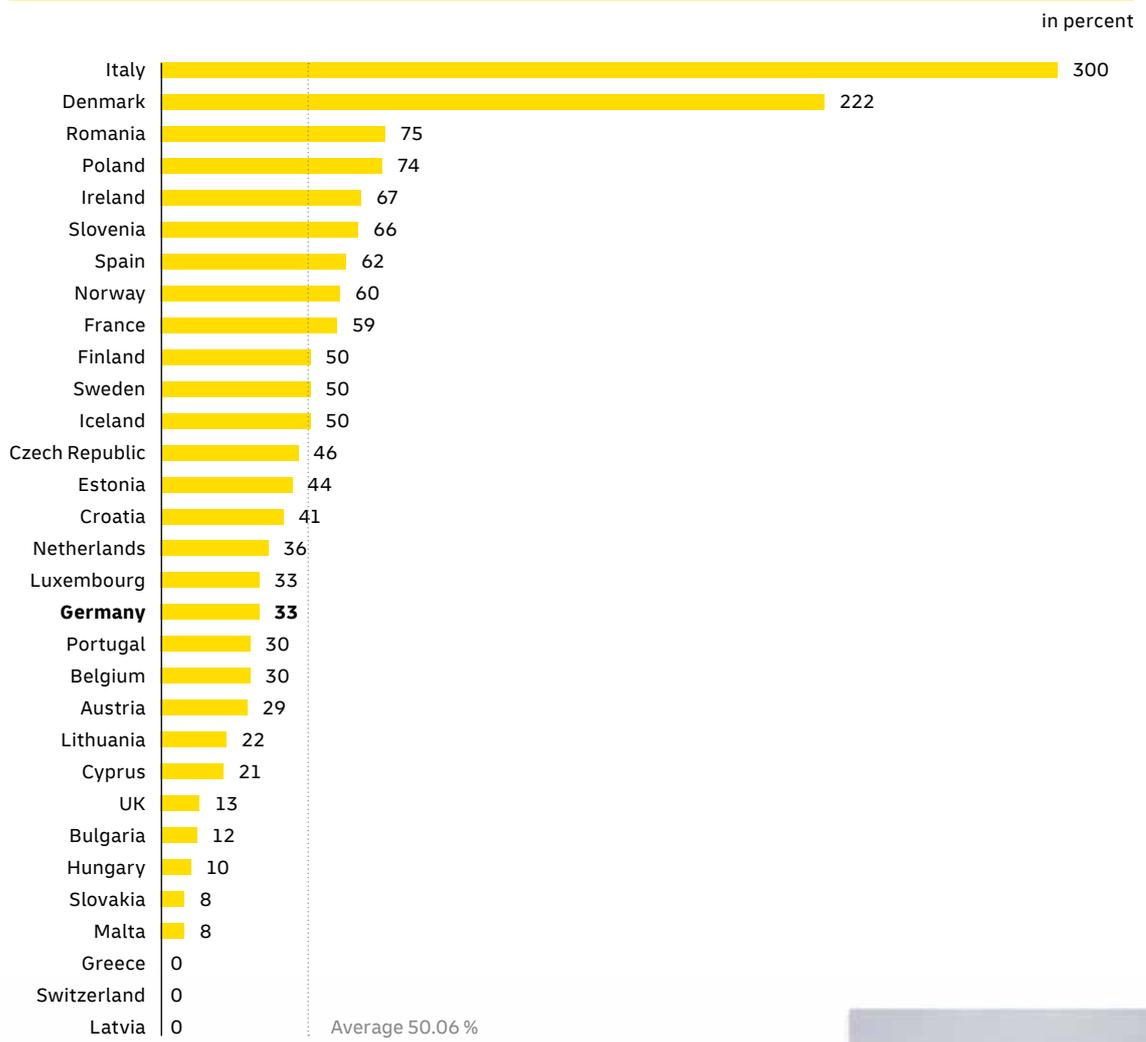
Italy has led the ranking of price increases since 2014 with 300 %, followed by Denmark with 222 % and then – by a considerable margin – by Romania, Poland and Ireland. In Greece, Switzerland and Latvia the nominal price has remained unchanged over the past five years.



At 33 %, Germany's nominal increase of the standard letter price keeps the country in the lower half of the ranking (17th place) in this overview and well below the European average. Over the last five years prices have risen more sharply in 16 European states than they have in Germany.



Price developments 2014 – 2019



3.3 Letter mail within Europe

Since the most recent study last year, the price for sending a standard letter to another European country has risen in 18 of the countries under review. In 12 of these countries, the rates for domestic letters were also increased; in contrast, in six countries price hikes were limited to letter mail within Europe. In Malta, Lithuania and Poland, only domestic letters experienced a price increase. In 13 countries, the postage rate for letters sent within Europe remained stable.

The average price for sending letters within Europe is currently € 1.58, which is € 0.13 more than last year. In ten countries the postage for Europe-wide mail dispatch is more expensive than the average; in 21 it is less.

A particularly marked increase in the cost for the intra-European letter occurred in Romania, where the price climbed from 4 to 7 Lei – a jump of 75%! Other significant price gains, i. e. over 25%, were experienced in Norway (+39%) and Croatia (+27%). Moderate price increases of approximately 10% were registered, for example, in Luxembourg (from € 0.95 to € 1.05), the Czech Republic (35 to 39 korunas) and Slovakia (€ 1.10 to € 1.20).

Exchange rate fluctuations also had an impact on letter mail within Europe. For example, in Switzerland the price for the intra-European letter did not change in Swiss francs, but its conversion into euros resulted in a price drop of € 0.05.



In all countries, it is more expensive to send a letter internationally within Europe than it is to send one domestically. In fact, the average price for the dispatch of a standard letter to another European country is now 1.9 times higher than the price for domestic dispatch. In Germany, where the price for a letter within Europe is € 1.10, that same ratio is only 1.4.

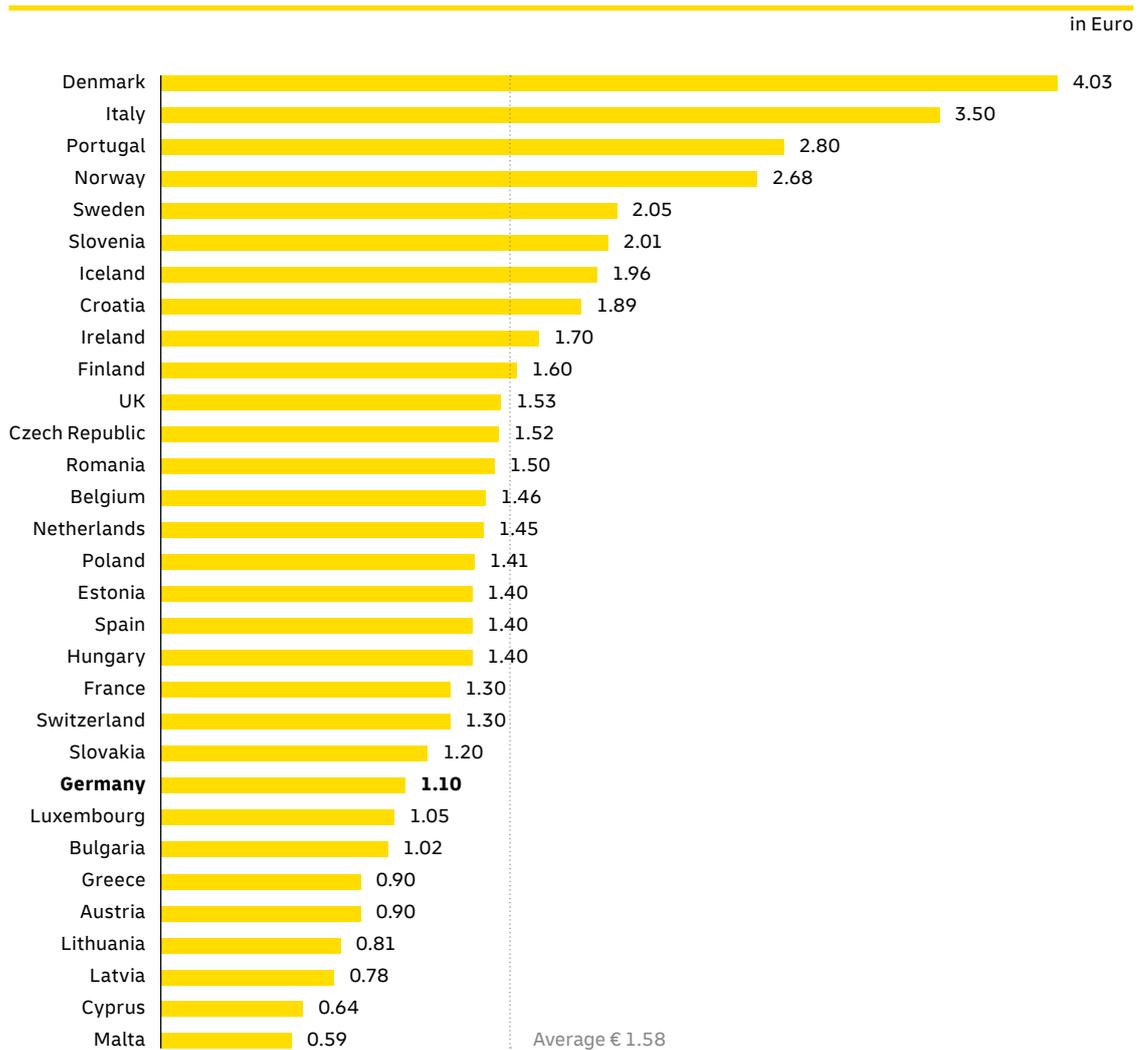
Denmark, Italy and Portugal top the ranking list of nominal prices as they did last year. As a result of its considerable price increase, Romania rose from 26th place to 13th on this table. The Czech Republic moved up six places to land at 12th. Both Estonia and Switzerland slipped four places to 17th and 20th respectively. In both countries, the prices for letters sent within Europe have remained stable since the last study.

Germany has kept its very low position in the ranking (23rd) thanks to Deutsche Post's price for its standard letters to other European countries, which remains considerably below average. The countries with the lowest nominal charges for letters within Europe were Latvia and Cyprus with unchanged values below € 0.80 and in last place Malta, whose rate is just € 0.59.





Nominal price for letter mail within Europe



4 Adjustment for inflation since 2009



To make a meaningful comparison of letter prices in Europe, it's important to take a look at the different ways consumer prices have developed in general. A letter price that is nominally unchanged in a country, for instance, changes annually at the rate of inflation when that price is viewed in real terms. When price trends adjusted for inflation in the 31 countries under review over the past ten years are compared, the impact of the various rates of increase becomes readily apparent.

The average rate of inflation in all the countries surveyed was 1.6 % in the period from 2009 to 2018. The rate varied from -0.04 % in Switzerland and 0.14 % in Ireland up to just under 4 % in Iceland. In Germany, the average rate of inflation over the past ten years was 1.25 %, 2.28 % in the United Kingdom and 2.9 % in Romania.

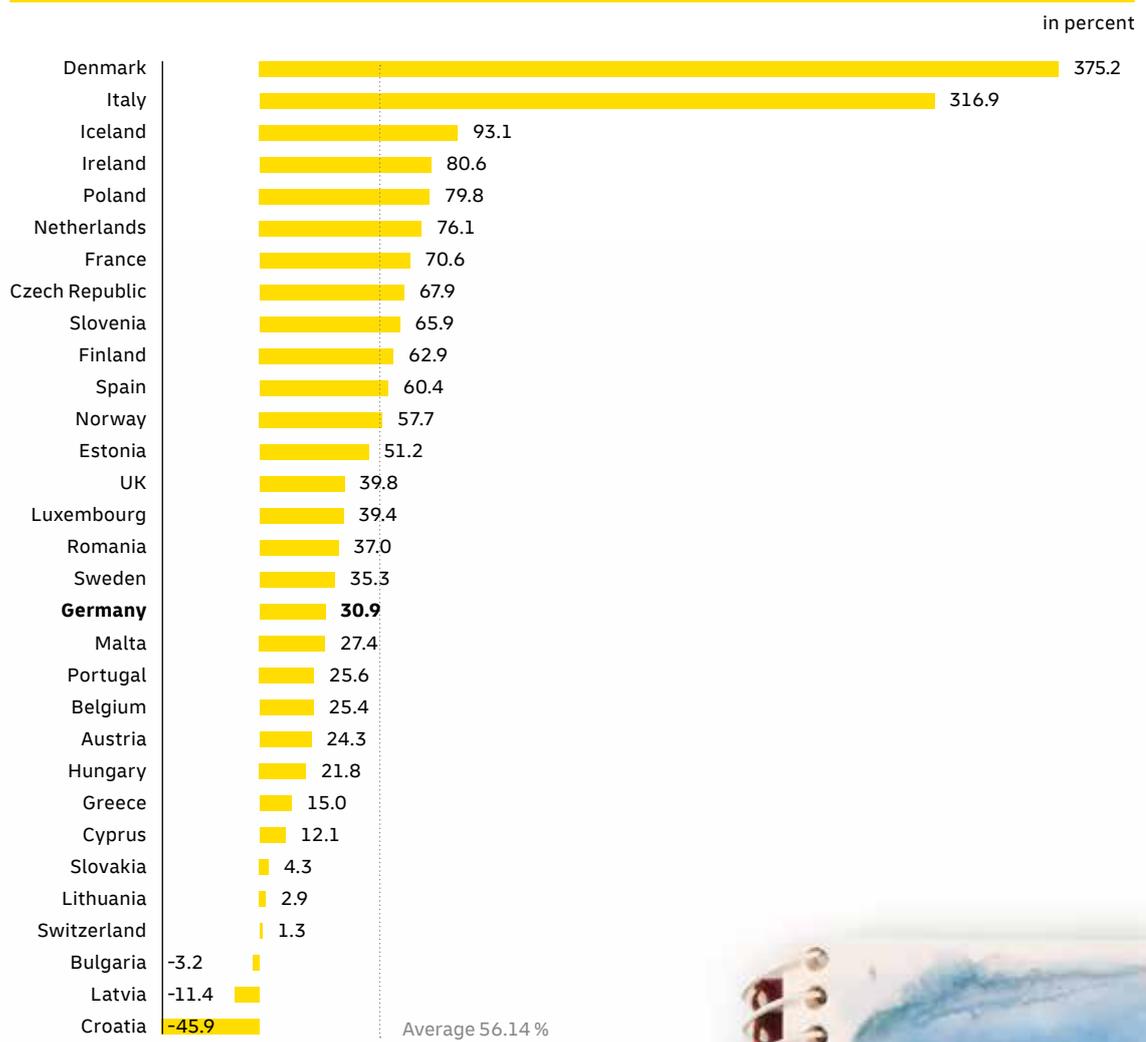
When inflation is taken into account, the price of a standard domestic letter in the countries surveyed has risen on average by 56.14 % since 2009. Only in Bulgaria, Latvia, and Croatia have letter prices fallen in real terms.

Denmark and Italy also top this list. In both countries the domestic letter price adjusted for inflation rose by more than 300 %. A distant third and fourth place are held by Iceland and Ireland, whose prices increased by more than 80 %.

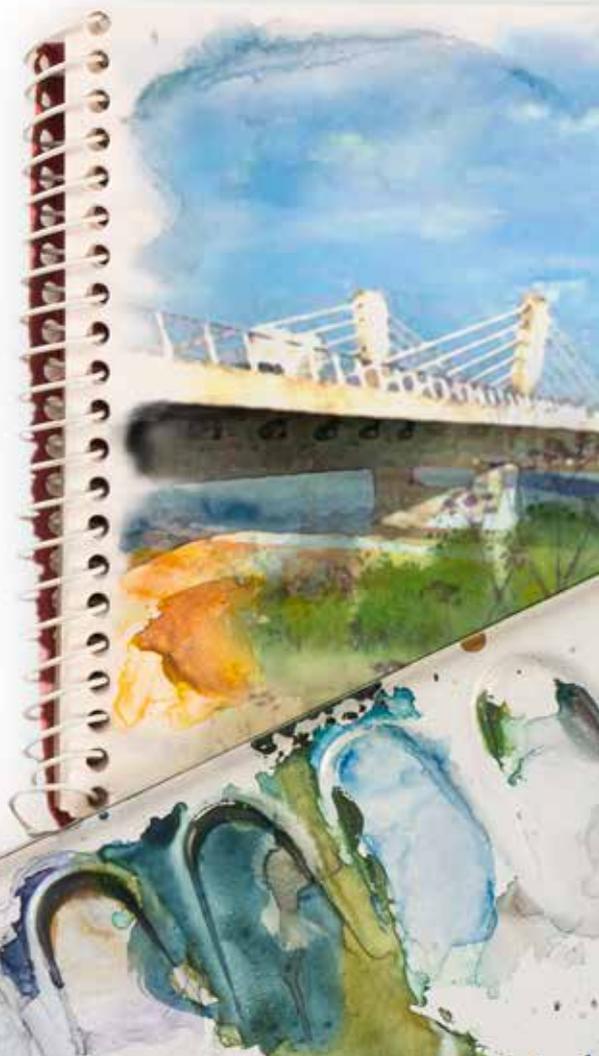
An unusually high price decrease of nearly 46 % continued to be seen in Croatia. For the most part, this can be attributed to the fact that VAT charged on postage rates was abolished in 2010. In addition, the price of the domestic standard letter was reduced considerably in the same year. These two factors have a significant impact in this retro-active consideration. In the case of Latvia, the stability of the letter price over a period of ten years had an enormous impact, remaining unchanged despite an average inflation rate of 1.51 %. The overall result is that the Latvian price for a standard letter, adjusted for inflation, has dropped by over 11 % since 2009. In Bulgaria, a significant price reduction in 2010 had the effect that the letter price has fallen by over 3 %, taking into account the currency devaluation of the last ten years.



Inflation-adjusted change in letter prices 2009 – 2018



Postage rates in Germany when adjusted for inflation have increased by 30.9% since 2009, which is significantly below average. This puts Germany in the lower middle of the table, in 18th place.



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. In order to assess compliance with this requirement in those countries, the different levels of income also have to be taken into account. One good indicator of affordability is the amount of work in minutes required to earn enough money to cover the cost of a domestic standard letter.

This calculation is based on the hourly wage of an industrial worker. Once again, the hourly rates communicated by the Cologne

Institute for Economic Research and the postal companies for workers in the manufacturing industry have been used as a consistent and reliable data base for the calculation of the work in minutes per letter price.

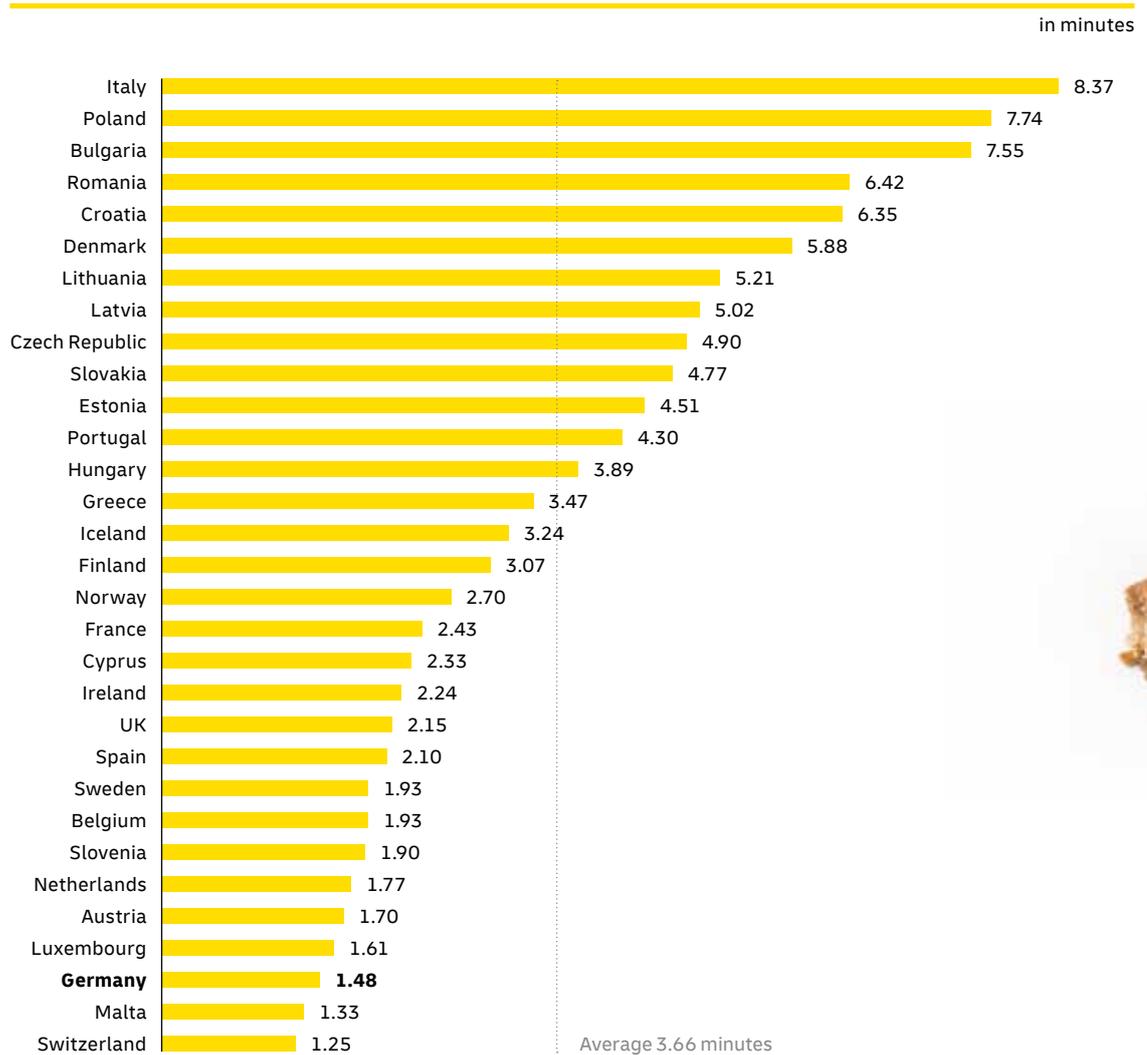
The country where workers have to work the longest to cover the cost of a domestic standard letter is Italy, with over eight minutes. Poland comes in second place here, after securing fourth place in the prior year. Third is occupied by Bulgaria, where it now takes over seven-and-a-half minutes of work to earn enough to afford a single standard letter. In the last survey, Bulgarians had to work over nine minutes for their letters.

On average, a worker in Europe had to dedicate 3.66 minutes of his day to earn the cash equivalent of a standard letter. Compared to the previous year, the required time has dropped considerably. In 2018, it took an average of 4.06 minutes to earn the cost of a letter. Once again, the fewest number of minutes needed to cover postage costs was found in Malta, only 1.24 minutes. Germany continues to be third from the bottom in this ranking with a significantly below average time of 1.48 minutes per letter. Thus, according to this criterion as well, Deutsche Post offers a particularly affordable letter price.





Work in minutes per letter price



6 Adjustment for labor costs

Compared to other sectors, mail delivery operations are especially labor intensive. It goes without saying that these higher staffing needs are also reflected in the particularly high percentage of staff costs to overall 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 costs. A comparison of high-wage economies like Germany with countries such as the eastern European EU member states is meaningful only if the varying labor costs are considered in the calculation.

The first step is to recognize that staff costs only comprise a certain percentage of the overall costs of mail transport. Correspondingly, only this proportion 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. To this end, statistics on the cost of labor in the postal, courier, and express services sector in the countries surveyed were used.

The average European price calculated using this method is currently € 1.41, making it € 0.03 lower than in the previous year and € 0.61 higher than Deutsche Post's letter postage price. This average value is exceeded in 13 countries, while the letter price rate adjusted for labor costs is below average in 18 of them.





Denmark, at € 3.42, and Italy, with a nearly unchanged rate of € 2.86, occupy first and second place on this table. Croatia is once again number three despite the fact that the letter price, adjusted for labor costs, has dropped by € 0.09 since last year. Romania, in fifth place, experienced a significant increase, as the corresponding price converted into euros has more than doubled from € 1.15 to € 2.36. Even Norway's price has risen considerably from € 1.07 to € 1.37.

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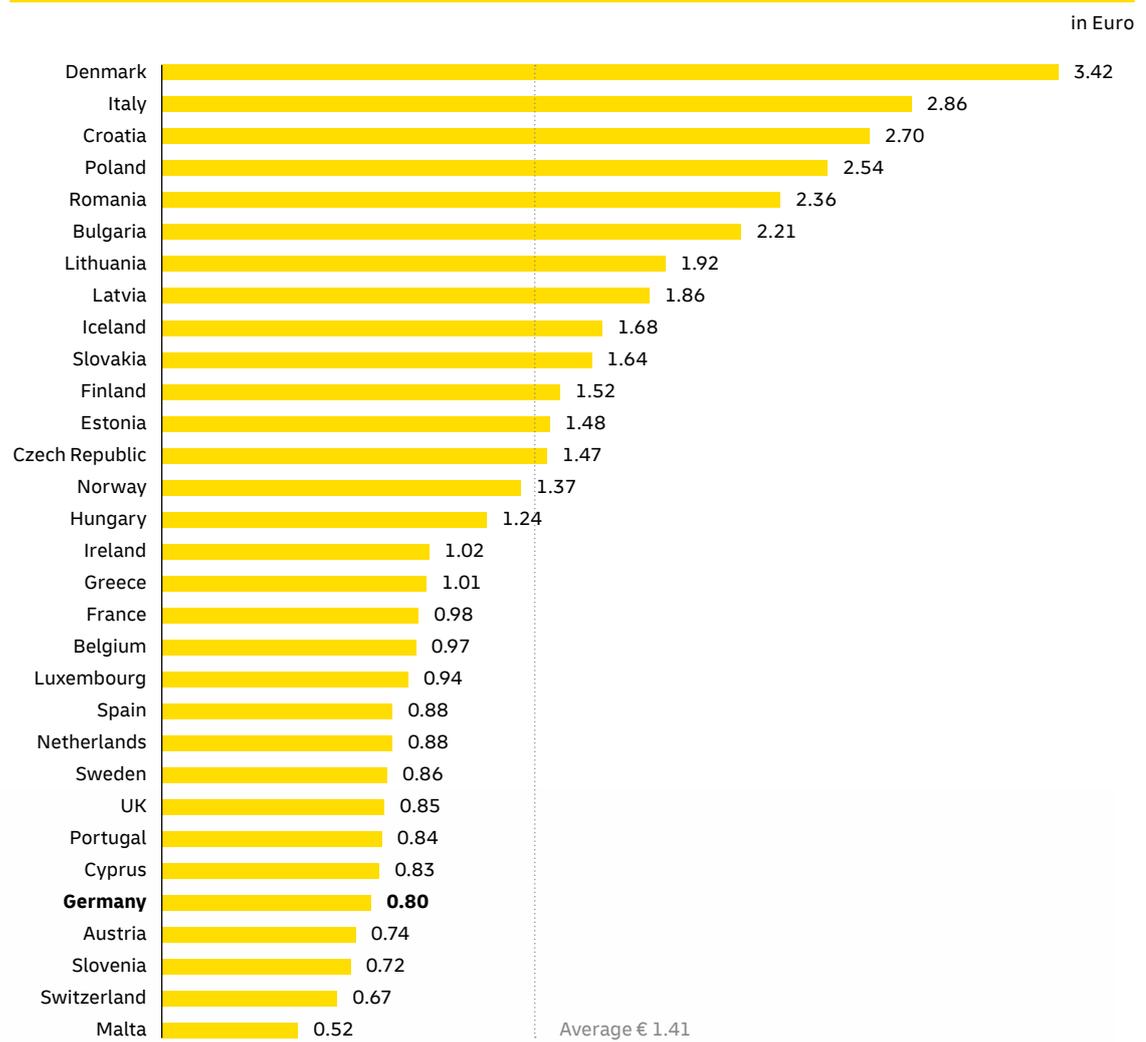


Bulgaria improved its position by falling from fifth to sixth place, as the letter price adjusted for labor costs sank by € 0.14 to € 2.21. A similar development could be witnessed in Estonia, where the rate fell from € 1.61 to € 1.48.

At € 0.80, Germany now occupies 27th place. A lower letter price is offered only in Austria, Slovenia, 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 well-being vary in the different European countries. As a result purchasing power also differs. These variations in turn are essential to answering the question of how affordable letter prices actually are in the individual countries.

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.

Letter prices are divided by the countries' purchasing power relative to Germany in order to take purchasing power parity into account. 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 € 1.07, one cent less than last year. In 22 countries the letter price is below this average; in nine others it is above this threshold.

The table of letter mail prices adjusted for purchasing power is topped by Denmark, which has a converted rate of € 3.14 or € 0.28 more than in 2018.

In Italy as well, the price for a standard letter, when purchasing power differences are considered, was still over three euros. Poland took third place. There postage adjusted for purchasing power was a (converted) € 1.77, compared to € 1.43 in the prior year. The postage price adjusted for purchasing power in Romania rose dramatically. In 2018, it was € 0.64 but the current calculation shows that the price has nearly doubled to € 1.26. As a result Romania has taken a major leap up the table from 26th place to 6th.

In some countries, however, the standard letter price adjusted for purchasing power has dropped.



In Estonia, for example, the price has dropped three cents to € 0.91, in Latvia by two cents to € 0.88 and in Portugal by three cents to € 0.84.

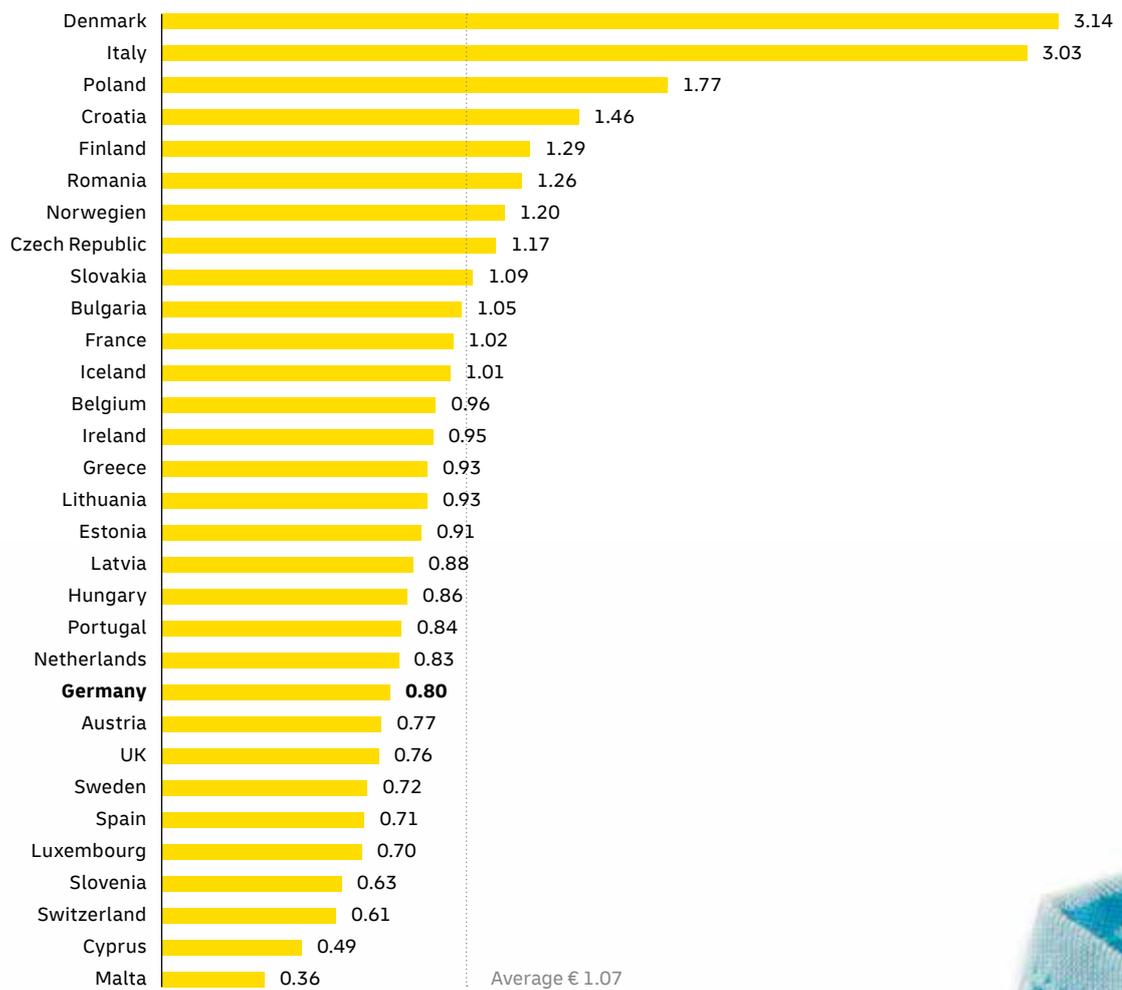
Germany, despite the price hike, remains solidly at the lower end of the ranking, in 22nd place with € 0.80. The price of Deutsche Post's domestic standard letter is thus € 0.27 below the European average when adjusted for purchasing power. Letter prices for postal customers in the island nations of Cyprus and Malta remained particularly affordable at € 0.49 and € 0.36, respectively.





Letter prices adjusted for purchasing power differences

in Euro





8 Consolidated results

In this overview, 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.

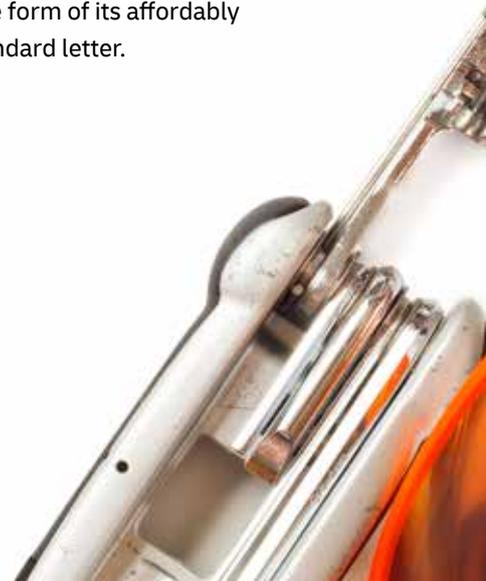
The average European letter price calculated in this way is now € 1.24, which is € 0.02 lower than last year. Consolidated letter prices are above this value in 13 countries and below it in 18 others.

The first two places are once again occupied by Denmark and Italy. Poland climbed from sixth to third. Romania leaped from 18th to fifth. France, with a letter price of exactly €1.00, is in 16th place, following its time in 18th place last year with a value of € 0.89. Greece improved its score three places, moving from 15th to 18th.

Prices in Switzerland have likewise become more affordable year-on-year, moving the country down three places to the next-to-last position, with € 0.64.

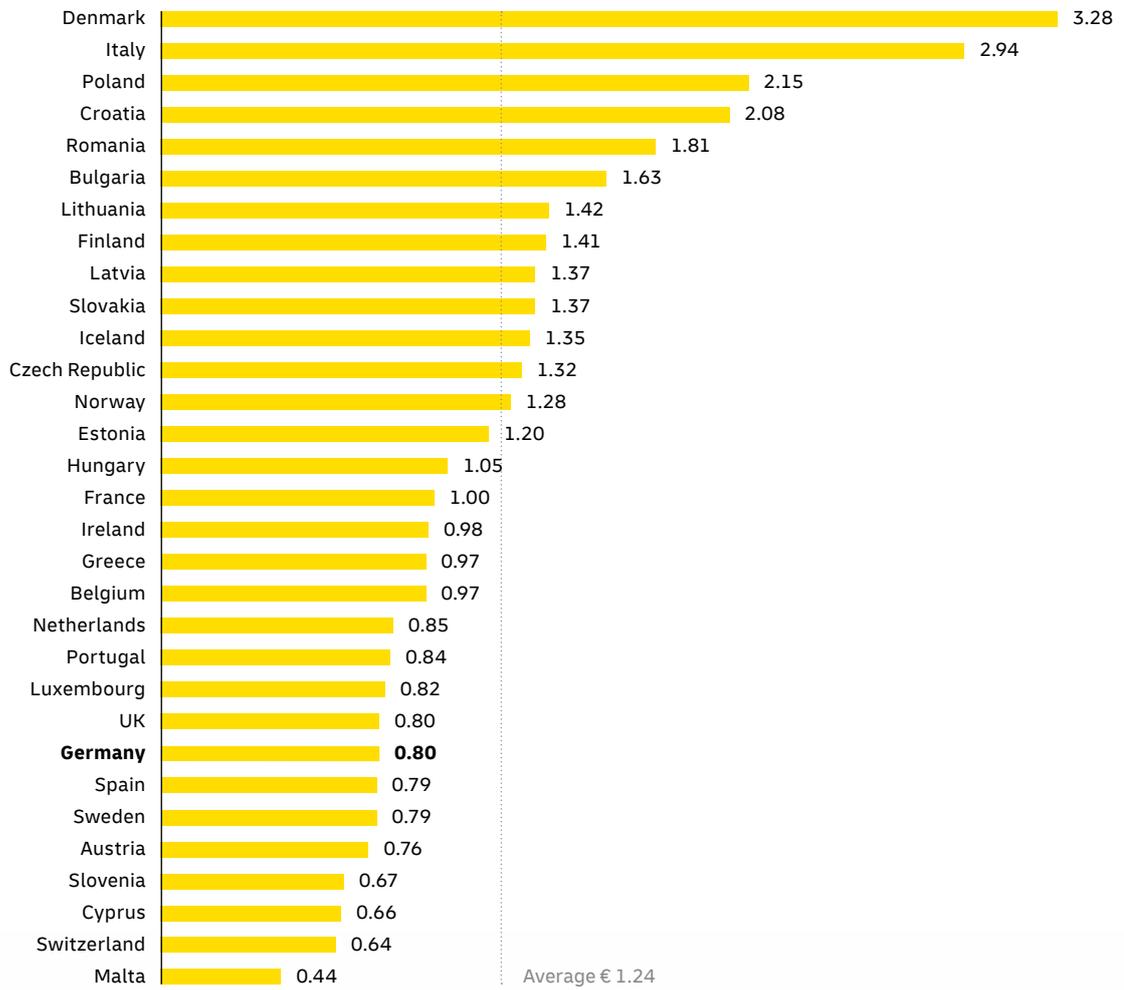
Germany and the United Kingdom, in 24th place, continue to be ranked in the bottom quarter of the table. Cheaper consolidated letter prices than in Germany were found in only seven generally much smaller countries: Spain, Sweden, Austria, Slovenia, Cyprus, Switzerland and Malta. More expensive postage prices, however, were exhibited by 22 other countries.

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



Consolidated overall result

in Euro



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