



# Letter prices in Europe

Up-to-date international  
letter price survey

April 2018  
17th edition



# 1 Summary

This is the seventeenth time Deutsche Post has carried out a study, drawing a comparison between letter prices charged in Europe. This study covers letter prices in all 28 member states of the European Union and 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 2018. The price of a domestic standard letter has increased in 13 of the countries under review since the last study was carried out. On average, postage rates for domestic letters have risen by € 0.14 year-on-year.

The postage rate for letters sent within Europe increased in 14 countries. Letters sent within Europe now cost € 0.07 more on average than they did a year ago. In nominal terms, the price of letters in Europe has risen by an average of just under 57 % since 2013, while the price of German standard letters has only risen by 21 %.

However, a purely nominal approach would not allow for an objective assessment of the letter prices charged in the countries under review. For this reason, other economic factors were taken into account in the study. They include macro-economic factors and the development of inflation rates in the countries under review.





In Germany, the postage rate for a domestic standard letter is € 0.70. The consolidated comparison of postage rates adjusted for differences in labor costs and purchasing power proves again that Deutsche Post charges a very affordable postage rate that is significantly below the average postage rate of all countries under review. Only in five, significantly smaller states is postage more affordable. In 25 countries, however, a standard letter is more expensive than in Germany.

The highest consolidated postage rates for standard letters are currently charged in Iceland, Denmark, and Italy. The country charging the lowest letter price is Malta. The average consolidated European letter price is € 0.15 higher than it was last year and is now at € 1.26.

When adjusted for inflation, postage rates for letters in Germany have gone up by approximately 13 % since 2008. By contrast, the average letter prices in Europe have risen by more than half when the impact of inflation is taken into account. In real terms, however, it fell in five countries but went up in the remaining 26 countries.

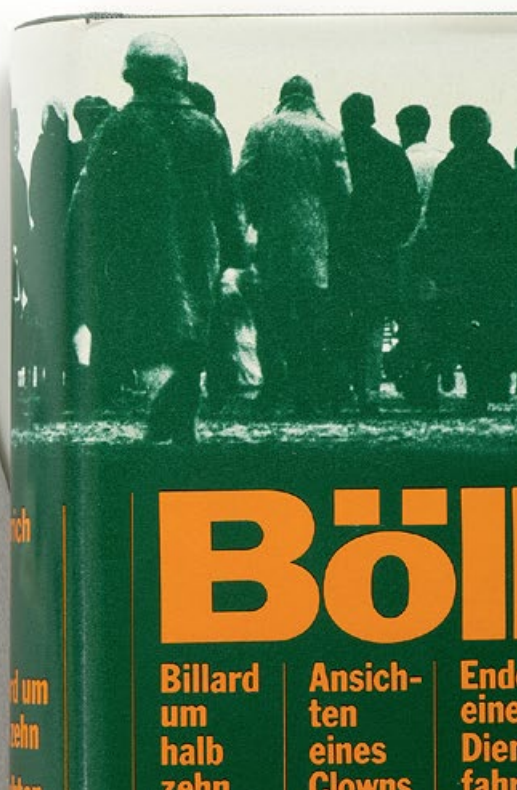
When comparing the average number of minutes employees need to work to cover the cost of a standard letter in the countries surveyed, German letter prices are extremely competitive. Only in Switzerland and Malta do workers have to work less to earn the postage rate of a standard letter.

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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 Iceland, Denmark, and Italy, which have raised their letter prices with a transit time of D+1 to a particularly high level compared to those with longer transit times as a response to substitution-related decline in demand.

The aim of the methodological approach chosen for the comparison in combination with the inclusion of key macro-economic factors is designed to provide an objective and scientifically sound picture of European letter prices.

In countries where value-added tax (VAT) is levied on the letter services considered for this comparison – Norway and Denmark – 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 2008 to 2017, adjusted for inflation. In addition, the study also calculates the average number of minutes workers in the manufacturing industry have to work in the individual countries to earn the price of a standard letter. Finally, the study compares the letter prices of each country under review, adjusted for factors such as labor costs and purchasing power differences. 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 the countries under review as of April 1, 2018. The data on the individual countries surveyed was taken from Eurostat and the postal companies in the states 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 Institute for Economic Research (IW), namely the hourly wages of a worker in the manufacturing industry.

Exchange rates also had an impact on letter prices this year. For example, when converted to euros, the price of the Croatian domestic letter has risen even though there has been no price increase in Croatia.



### 3 Review of nominal prices



#### 3.1 Domestic letter mail

The European average price for a domestic standard letter exceeded the one euro mark for the first time this year: it is now € 1.02, which is € 0.14 more than one year ago. The price ranges from € 0.26 in Malta to € 4.94 (converted from local currency) in Iceland. With Deutsche Post's domestic standard letter price of € 0.70, Germany is clearly below average and takes up 17th place, which is in the mid-range like last year.

The price of a domestic standard letter has increased in 13 of the countries under review since the last study was carried out. Moderate increases of five euro cents each took place in the Netherlands, Portugal, and Spain. In France and Finland, the letter price was increased by € 0.10 to € 0.95 and € 1.40, respectively. In France this was the ninth increase in a row and in Finland the fifth in a row identified in this study.

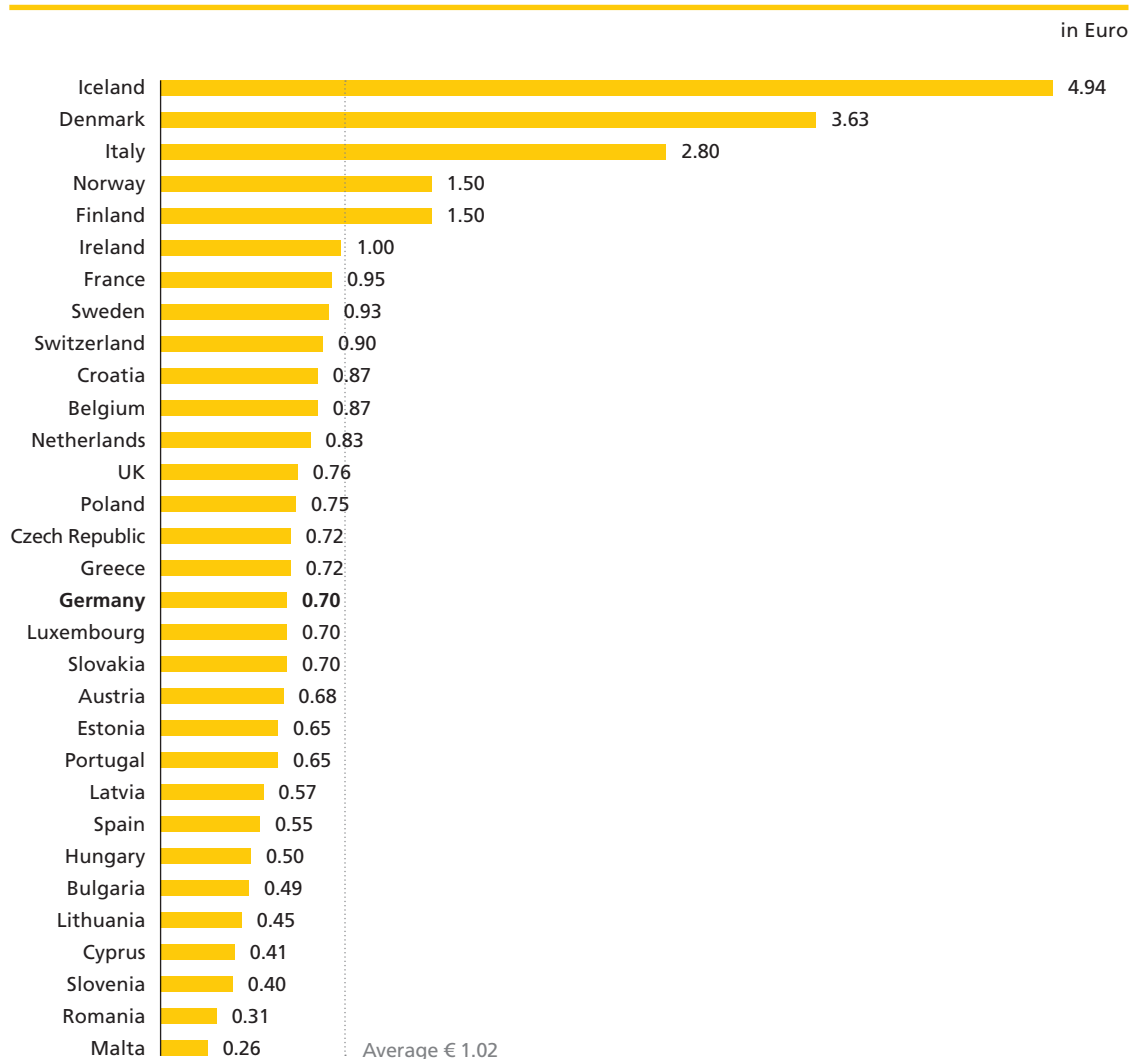
The letter price was drastically raised in Iceland. While it was 195 Icelandic krona a year ago, you now have to pay 595 krona for sending letters with the same transit time – the equivalent of € 4.94. In 18 countries, including Germany, the letter prices remained unchanged over the past twelve months.

Fluctuations in exchange rates sometimes result in the nominal price stated here, 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 € 0.02 lower when they are converted into euros even though the postage rate for a standard letter remained the same in Swiss francs. The opposite happened in Croatia: when converted to euros, the price of the domestic letter has risen even though there has been no price increase in Croatia.

Iceland now leads the list of domestic nominal prices for the first time with a letter price that converts to € 4.94. Last year's number one, Denmark, is now in second place with an

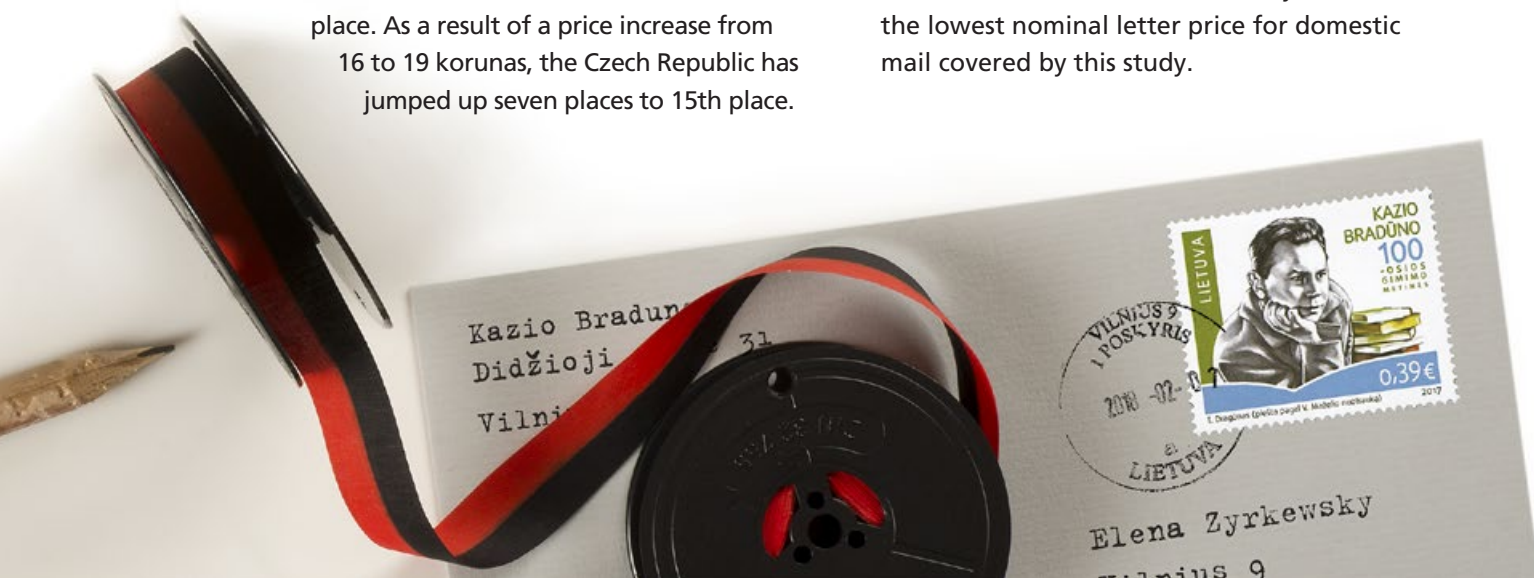


## Nominal price for a domestic standard letter



unchanged letter price equivalent to € 3.63. The Italian standard letter still costs € 2.80. It includes the option of simplified shipment tracking. Only a few significant changes can be found in the remaining ranking this year. With a price increase from seven to nine krona, Sweden has climbed from 13th to 8th place. As a result of a price increase from 16 to 19 korunas, the Czech Republic has jumped up seven places to 15th place.

The domestic standard letter costs less than half the average price of € 1.02 in seven countries: between € 0.40 and € 0.50 in Hungary, Bulgaria, Lithuania, Cyprus, and Slovenia, € 0.31 in Romania, and € 0.26 in Malta. Since 2008, the Iceland state in the Mediterranean Sea has thus consistently offered the lowest nominal letter price for domestic mail covered by this study.







## 3.2 Price developments since 2013

A look at the development of nominal prices since 2013 shows that postage for a domestic standard letter has risen significantly in most European countries over the past five years. On average, the nominal prices for the domestic letter in local currency have increased by just under 57 % in the last five years.



This development is also reflected in the change in the nominal average price: this amounted to € 0.59 in 2013 and is currently € 1.02 as described above. This corresponds to an increase of approximately 74 %.

Iceland has been leading the ranking of price increases since 2013 with almost 400 %, followed by Italy, Denmark, and – by a considerable margin – Finland and Ireland. It is striking that these five states are also high up in the table of current nominal prices (see page 7).

In Lithuania and Switzerland, the nominal price has remained unchanged over the past five years. Latvia, where the euro was



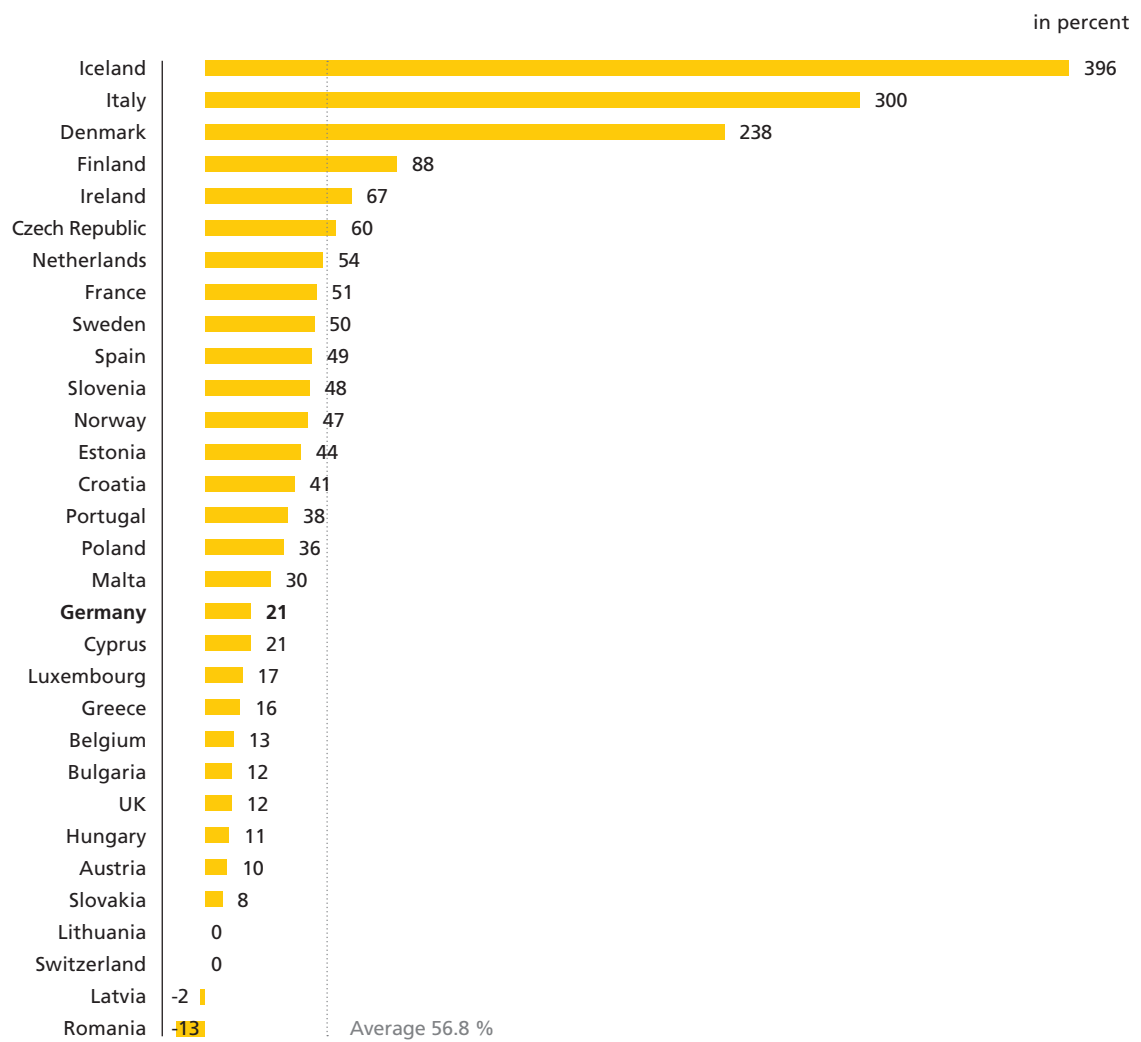
introduced in 2014, saw it fall by 2 % due to currency conversion. Due to a price reduction last year, the nominal letter price in Romania fell by 13 %.

Germany ranks 18th in the lower half of this table. The nominal price of a Deutsche Post domestic letter has risen by a moderate 21 % since 2013 – around 36 % below the average. In 17 European states, the price of letters has risen more sharply in the last five years than in Germany.





## Price developments since 2013



### 3.3 Letter mail within Europe

Prices for standard letters within Europe have risen in 14 of the countries under review. In ten of these states, domestic postage was also increased, while in four – Denmark, Ireland, Hungary, and Slovakia – only letters sent within Europe have become more expensive. Conversely, in Iceland, Sweden, and Slovenia, only domestic letters have experienced a price increase. The postage rate for letters sent within Europe has remained the same in 17 states, including Germany.

The average price for letter mail within Europe has gone up slightly and is now € 1.45, which represents a € 0.07 increase. In ten countries the postage for Europe-wide mail dispatch is above this value, in twenty below.

In Bulgaria, the price was raised by a third, from 1.50 to 2 lev. Further major price increases were recorded in Portugal and Ireland with € 0.15 each, in Belgium with € 0.13, and in Finland, Spain, France, and Slovakia with € 0.10 each. In Great Britain, for example, there were moderate increases from 1.17 to 1.25 pound sterling, in the Czech Republic from 32 to 35 korunas and in Hungary from 375 to 385 forints.

Prices for letter mail within Europe were also impacted by exchange rate fluctuations: in Croatia, the price for letter mail within Europe remained unchanged in Croatian kuna but went up by € 0.01 when converted to euros. In Romania, however, the price in euros went down by € 0.01 but remained the same in the local currency.

In all countries, it is more expensive to send a letter within Europe than it is to send a domestic letter, with two exceptions:

In Iceland, the domestic letter relevant for this study with a transit time of D+1 now costs more than a letter to another European country, and in Denmark the same price applies to both offerings. In the other states, the price for Europe-wide shipping is now 1.9 times the price for a domestic standard letter. At a charge of € 0.90 for a letter sent to another European country, the ratio in Germany, however, is only 1.3.

In terms of the European nominal price, Denmark and Italy are close to each other in the top two places in the ranking. Portugal continues to be in 3rd place. As a result of the respective price increases, Finland has moved up three places and Ireland five places to eighth and ninth, respectively. Switzerland continued to improve and moved down five places to 17th position. Bulgaria, on the other hand, climbed seven places and is now in 22nd place.

Germany remains in 24th place. Deutsche Post's postage rate for letter mail within Europe remains unchanged at € 0.90 and is thus significantly below the European average. The bottom group with the most economical nominal shipping charges within Europe includes Latvia, Bulgaria, and Cyprus with unchanged values below € 0.80 and finally Malta at just € 0.59.

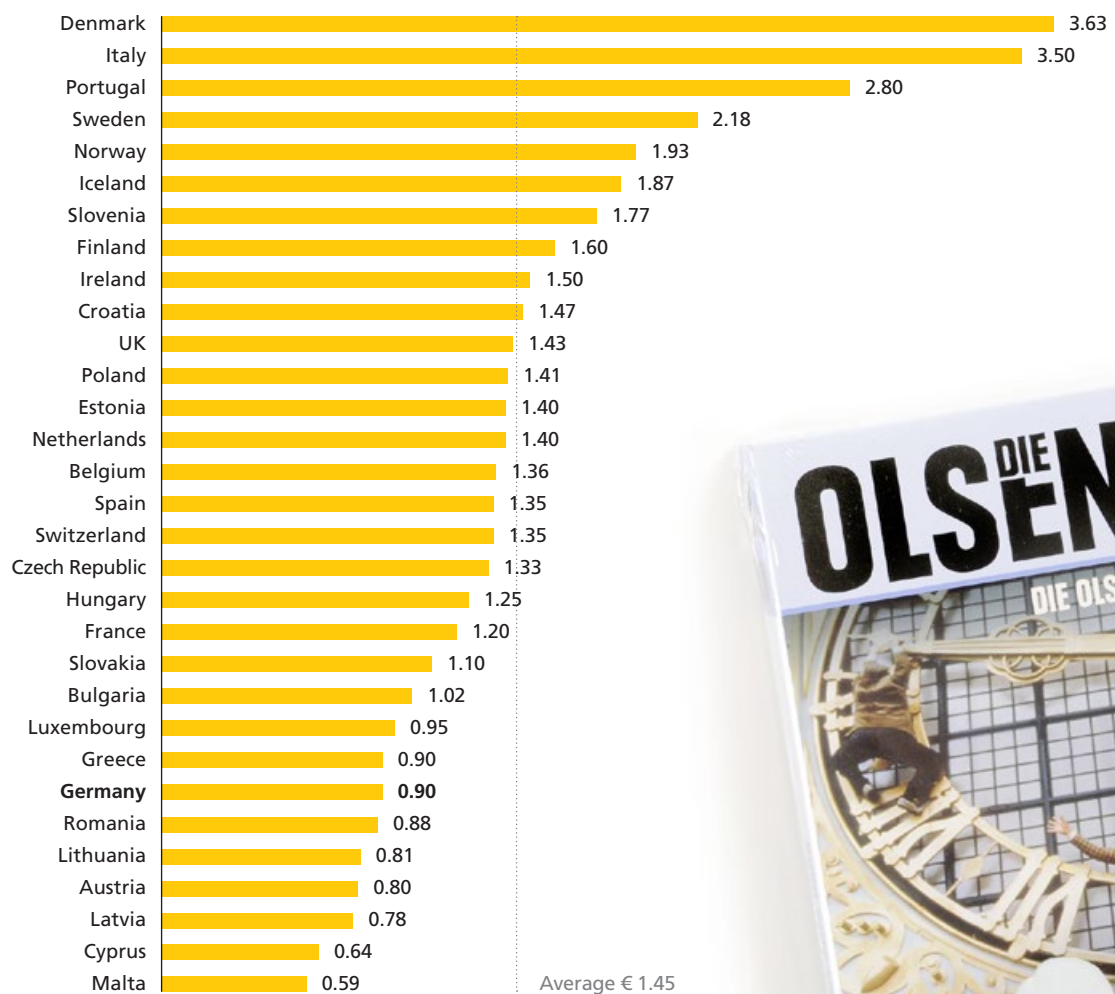




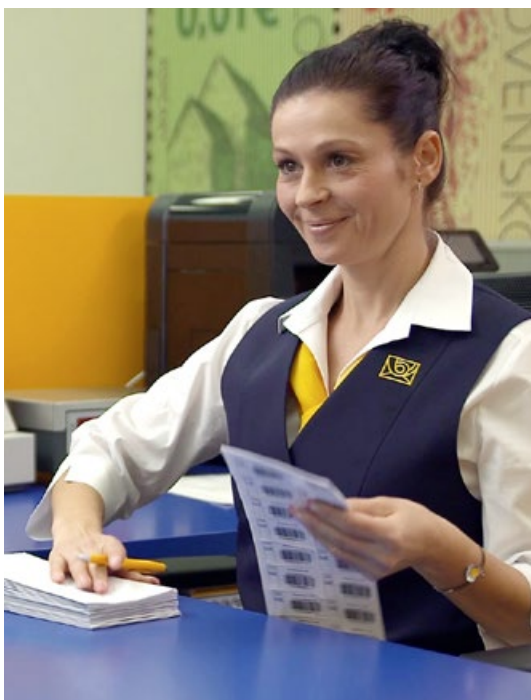


## Nominal price for letter mail within Europe

in Euro



## 4 Adjustment for inflation since 2008



Including the different inflation trends is indispensable for a meaningful comparison of letter prices in European countries. A letter price that is nominally stable in a country, for instance, actually changes annually at the rate of inflation when that price is viewed in real terms. A comparison of the price trends in the 31 countries under review over the past ten years adjusted for inflation highlights such impacts.

The average rate of inflation in the countries surveyed was 1.9 % in the period between 2008 and 2017. This ranged from 0.1 % in Switzerland and 0.4 % in Ireland up to 5.1 % in Iceland. In Portugal and Germany, the rate of inflation in the past ten years was 1.3 % on average, in Norway and Romania it amounted to 2.1 % and 3.3 %, respectively. Taking inflation into account, the price of a standard domestic letter in the countries surveyed has risen on average by 55.32 %

since 2008. Only in Switzerland, Bulgaria, Latvia, Lithuania, and Croatia have letter prices fallen in real terms.

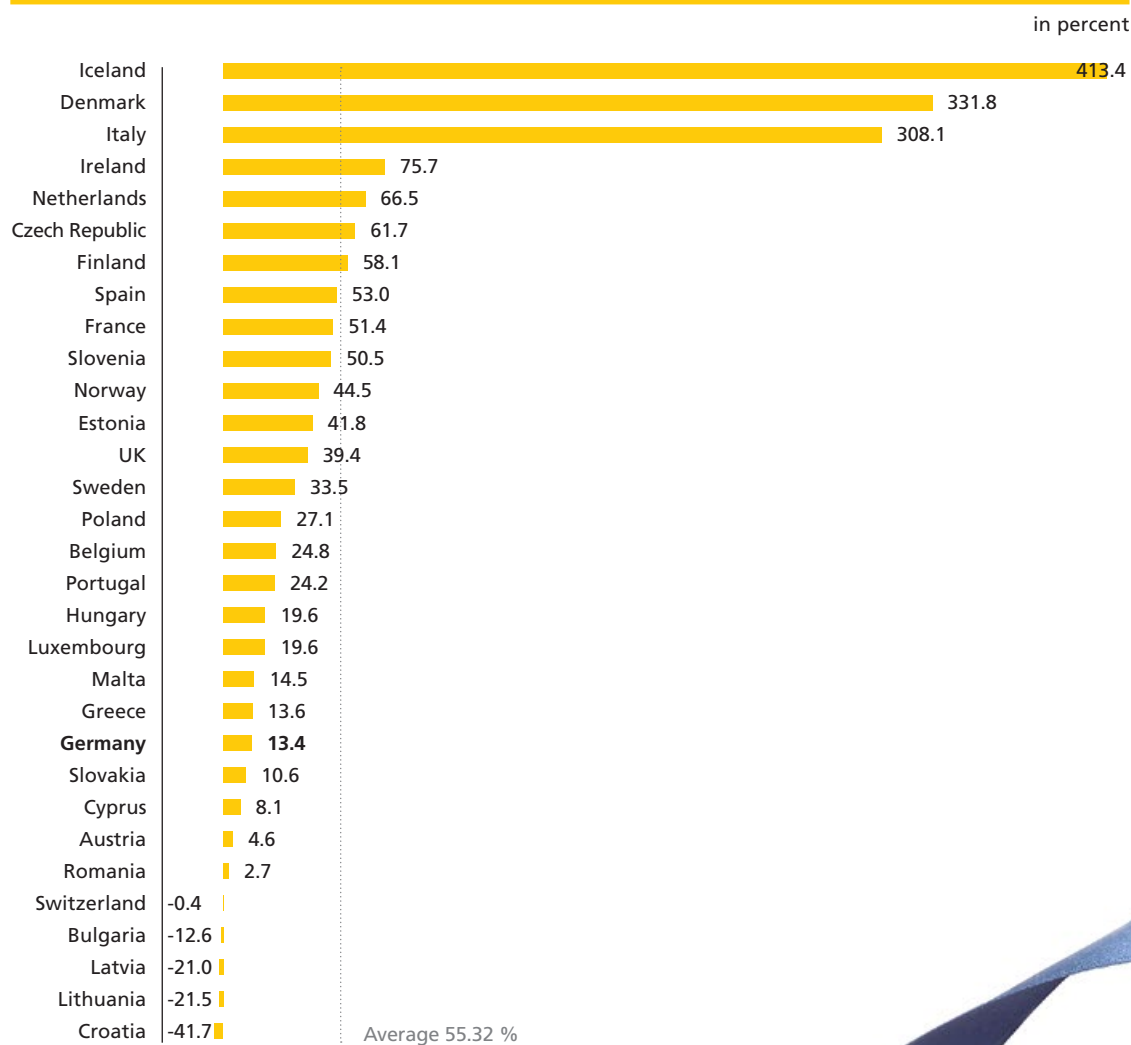
Even when adjusted for inflation, Iceland, Denmark, and Italy are in the lead. Adjusted for inflation, the letter price in Iceland rose by more than 400 % and in Denmark and Italy by more than 300 %. Ireland lags significantly behind in fourth place with a price increase of over 75 %.

An unusually high price decrease of over 41 % continued to occur in Croatia. This can be predominantly attributed to the fact that VAT charged on postage rates was abolished in 2010. In addition, the price of the domestic standard letter was significantly reduced in the same year. Both factors have a significant impact in this retro-active consideration. The letter price in Lithuania, too, has gone down significantly by more than a fifth since 2008 when adjusted for inflation. This is because the letter price in Lithuania was not changed for many years but the country experienced a relatively high rate of inflation at the same time. Bulgaria also belongs to the group of countries with lower postage rates after adjustment for inflation. A significant price reduction in 2010 had the effect that the letter price has fallen by a good 12 %, taking into account the currency devaluation of the last ten years.

Postage rates when adjusted for inflation have increased by 13.4 % in Germany since 2008, which is significantly below average. This puts Germany at the bottom of the table, in 22nd place.



## Inflation-adjusted change in letter prices 2008 – 2017



## 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 be able to assess this affordability in the individual European countries, the different wage levels should also be taken into account. The working time that has to be spent to earn the equivalent of the respective letter price proves to be a good benchmark for this assessment.

The following calculation is based on the hourly wage of an industrial worker.

Once again, the hourly rates for workers in the manufacturing industry communicated by the Cologne Institute for Economic Research (IW) and the postal companies have been used as a consistent and reliable database for the calculation of the work in minutes per letter price.

Iceland is currently the country in Europe in which people have to work the longest to earn the cash equivalent of a single domestic postage rate. It takes more than twelve minutes to earn the cost of a domestic letter relevant to this survey. Last year's number one, Bulgaria, with over nine minutes and Italy with over eight minutes follow in second and third place. In Poland and Croatia you have to work over seven minutes and in Latvia over six minutes to be able to afford the equivalent of a letter postage rate.

Workers in Europe have to work an average of approximately four minutes (4.06) to earn enough to cover the postage rate of a standard letter, significantly longer than in the previous survey (3.75 minutes). It is still striking that in Eastern European member states an above-average amount of time has to be invested to earn the postage price of a letter. At only 1.22 minutes, the lowest amount of time required to earn the postage price of a letter is required in Malta.

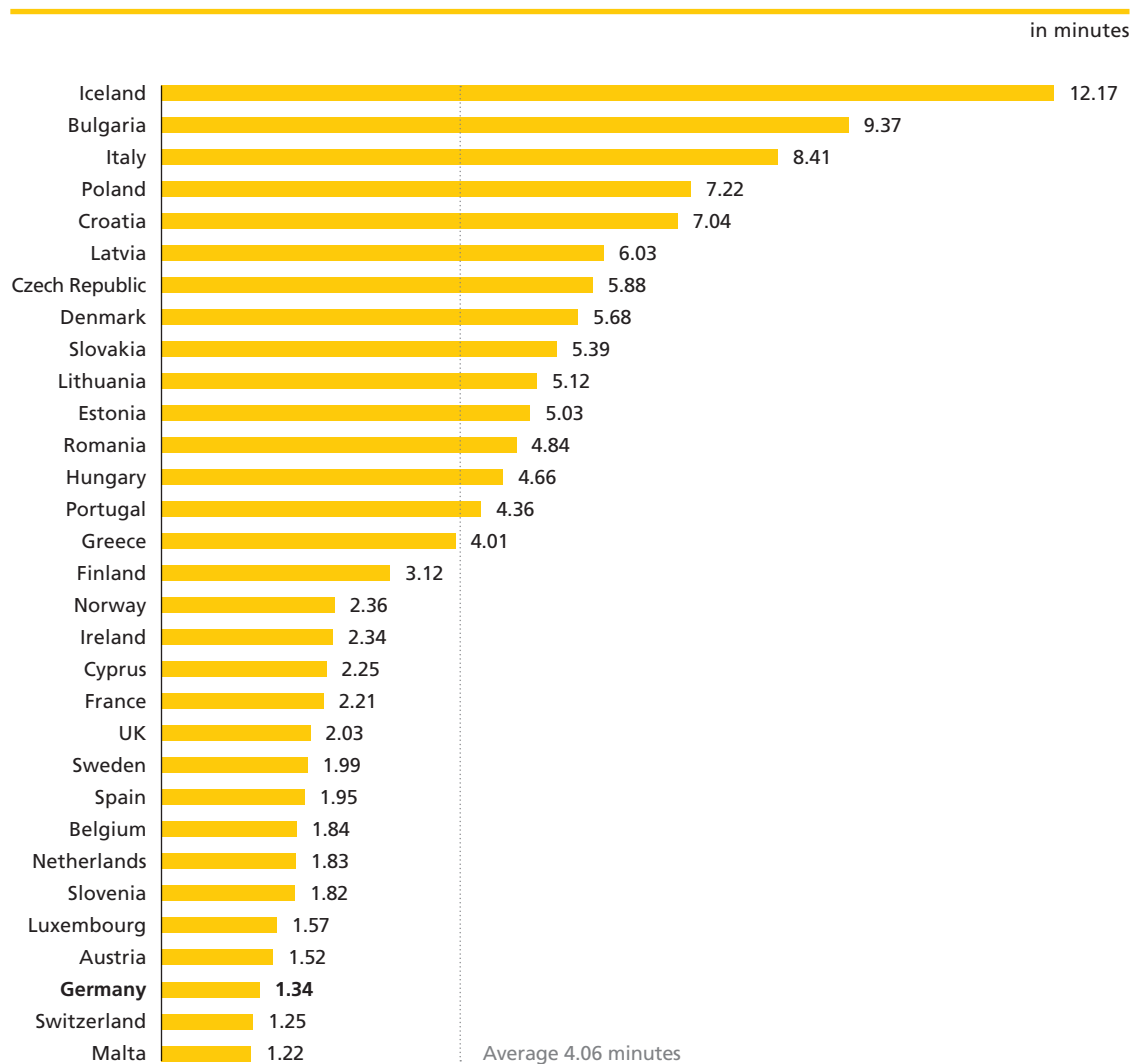
Germany continues to be the third from the bottom in this ranking with a value of 1.37 minutes per letter. Deutsche Post thus offers a particularly affordable letter price in line with this criterion too.







## Work in minutes per letter price











## 6 Adjustment for labor costs

Despite all automation, labor costs continue to be a major factor in mail transportation operations, especially in the area of delivery. This in turn is reflected in the high proportion of staff costs compared to total costs.

However, wage levels vary widely in the countries under review. The individual European postal companies are therefore subject to significantly different labor cost burdens. The comparison of letter prices in high-wage countries such as Germany or Switzerland with those in countries with lower wage levels should therefore also take into account the different labor costs.

As such, it is taken into consideration that staff costs only comprise a certain proportion of the overall costs of mail delivery. As a result, 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 effect, statistics on the cost of labor in the postal, courier, and express services sector in the countries surveyed were used.

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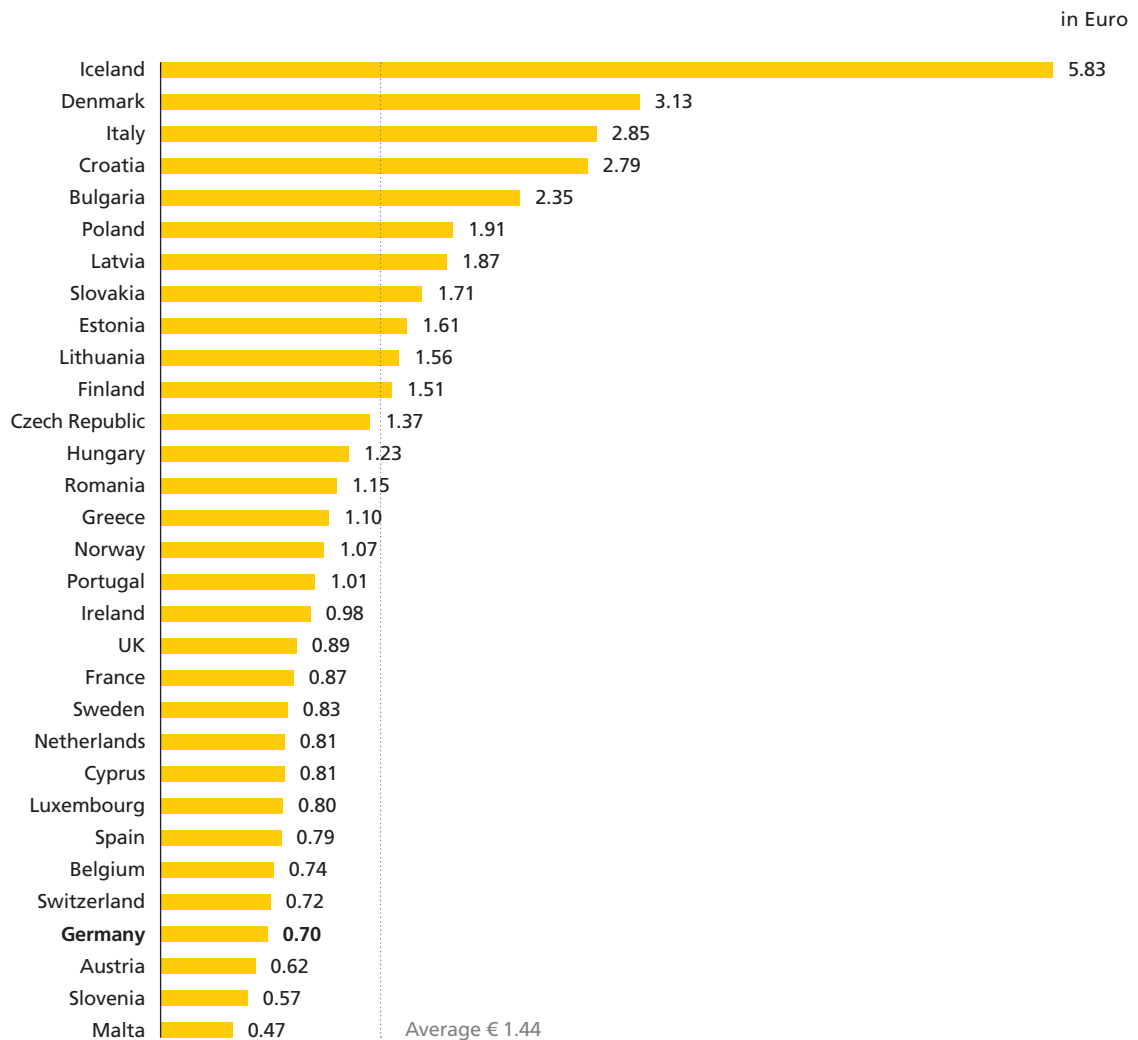
The average European price adjusted for labor costs is currently € 1.44 and now is therefore € 0.17 higher than in the previous year and € 0.74 higher than Deutsche Post's letter postage price. This average value is exceeded in eleven countries, while the letter price rate adjusted for labor costs is below the average in 20 states.

In this overview, too, Iceland ranks first with a letter price of € 5.83. At € 3.13 and an unchanged € 2.85, respectively, Denmark and Italy lag behind significantly in 2nd and third place.





## Letter prices adjusted for labor costs



Fourth place is now occupied by Croatia, where the labor cost-adjusted letter price has risen by € 0.30 year-on-year. A significant increase can also be found in Sweden, which, with a value that rose by € 0.18, climbed by seven places in this table and now occupies 21st place. The letter price, adjusted for labor costs, fell by € 0.09 in Lithuania, which ranks tenth. The same trend can be found in Romania, which is in 14th place with a value that also decreased by an equivalent of € 0.09 year-on-year.

At € 0.70, Germany now occupies 28th place and has thus improved by another two places in the ranking. A lower letter price is only offered in Austria, Slovenia, and Malta, taking labor costs into consideration.



## 7 Adjustment for purchase power differences



Levels of income and social prosperity vary greatly in European countries, making it necessary to also take the aspect of national purchasing power into account when comparing letter prices. This is the only way to solidly assess the affordability of the letter price in the individual countries.

By taking the purchasing power into account, the macro-economic conditions that differ in the countries under review are taken into consideration. This therefore also compensates for the differences in price levels in each country which 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, exceeded € 1.00 for the first time this year. It is now € 1.08, which is € 0.12 more than last year. In 22 countries the letter price is below this average, in eight it is above, and in Bulgaria it is exactly on this average.

With a value of € 3.57, Iceland also heads this table, followed by Italy and Denmark with € 3.02 and € 2.86, respectively. Poland now ranks fifth with an increase of the equivalent of € 0.09. In the Czech Republic, the letter price, adjusted for purchasing power, increased by the equivalent of € 0.20 to € 1.17. This puts the Czech Republic in seventh place in this table. The letter price, adjusted for purchasing power, also increased significantly in Bulgaria where it is now € 1.08, € 0.11 more than in the previous year. At € 0.76 – 20 euro cents more than in 2017 – Sweden now ranks 21st, six places higher than last year. In some countries, the domestic letter price has fallen taking purchasing power into account: In Denmark, Slovakia, Estonia, Hungary, and Romania, this figure fell slightly by one or two euro cents each.

At € 0.70, Germany ranks 22nd this year, one place lower than in 2017. The price of Deutsche Post's domestic standard letter is thus € 0.38 below the European average when adjusted for purchasing power. Letter prices for postal customers in Slovenia and Cyprus remain particularly affordable at € 0.52 and € 0.49, respectively. Malta is at the bottom of the table with a letter price adjusted for purchasing power of only € 0.34.

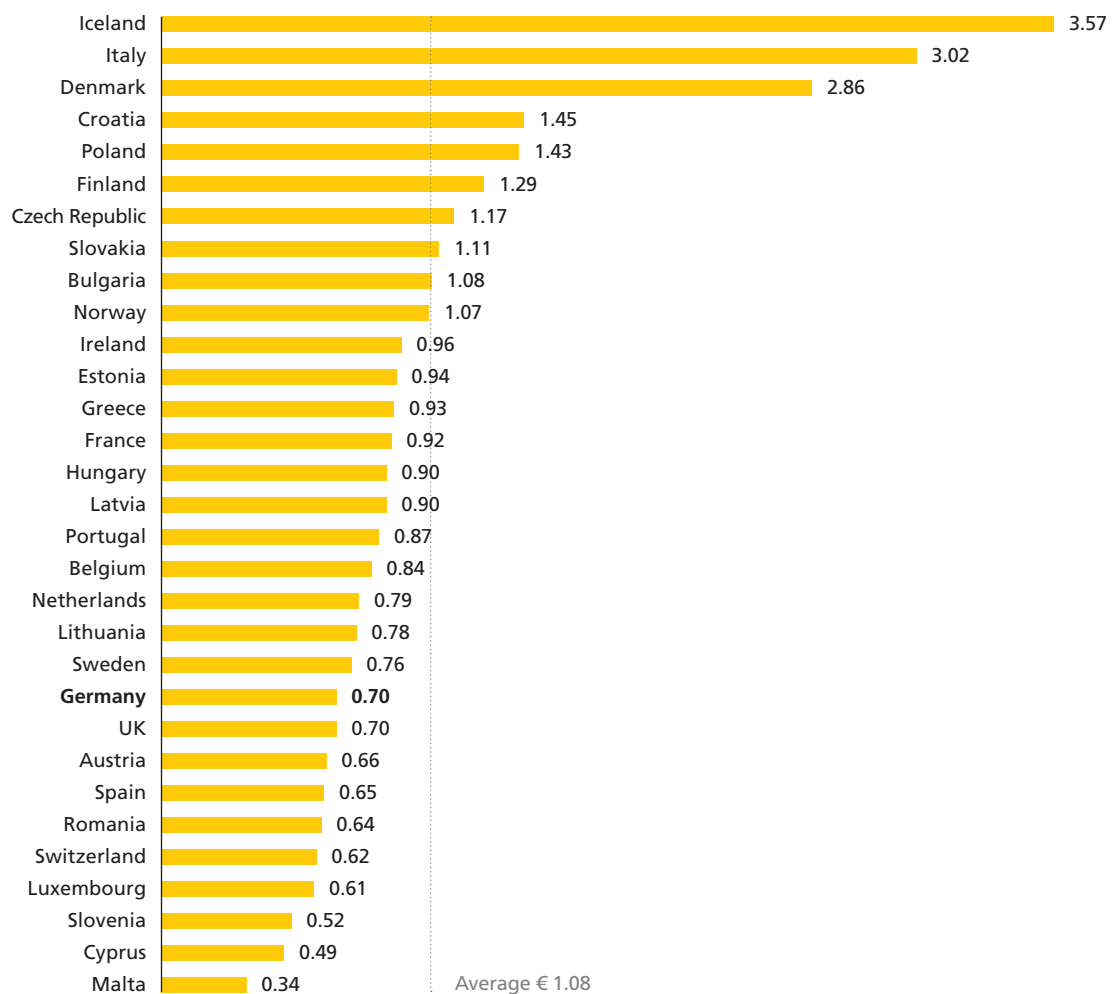






## Letter prices adjusted for purchasing power differences

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 are then consolidated into an overall result. The value determined in this way provides particularly good orientation when assessing European letter prices.

The average European letter price calculated in this way is now € 1.26, which is € 0.15 higher than last year. Eleven countries are placed above this average, 20 below.

Here, too, the top spots are taken up by Iceland, Denmark, Italy, and Croatia. The increase in the consolidated letter price for the Czech Republic by € 0.21 (from € 1.06 to € 1.27 when converted to euros) is striking. Finland (+ € 0.19), Sweden (+ € 0.17), Bulgaria (+ € 0.16), and Croatia (+ € 0.16) also recorded double-digit increases. The consolidated letter price fell significantly again in Romania (- € 0.06) and Lithuania (- € 0.05).

Germany ranks 26th in this overview and is thus at the bottom of the table. Cheaper consolidated letter prices can only be found in five, significantly smaller states: Switzerland, Cyprus, Austria, Slovenia, and Malta. In 25 countries, however, postage is less affordable than in Germany.

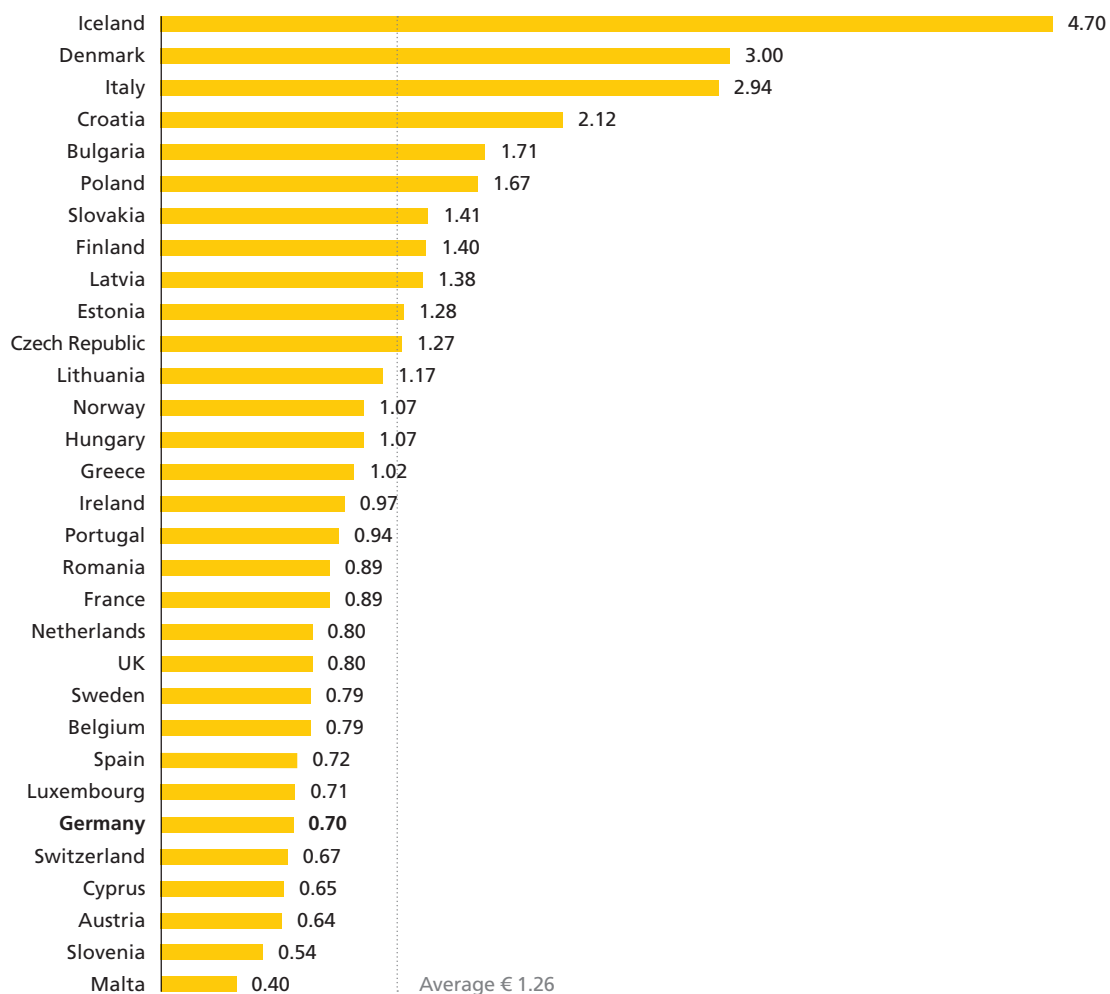
The adjustment of prices for labor costs and purchasing power in a European comparison is therefore a clear indication that Deutsche Post's domestic postage is a very cost-effective and affordable offer for a high-quality service.





## Consolidated overall result

in Euro



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