



Letter prices in Europe

Up-to-date international
letter price survey

2022
21th edition



1 Summary

This is the twenty-first time Deutsche Post has published a study comparing current letter prices in Europe. The study once again 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 of 2022. The price of a domestic standard letter has increased in 16 of the surveyed countries since the last study was conducted. In Germany, the postage rate for a domestic standard letter has remained stable at € 0.85 since January 1, 2022, € 0.40 below the European average of € 1.25. As a result Germany ranks 20th out of 31 on the list of surveyed countries.



Whereas sending letters from one European country to another costs an average of € 1.89 in Europe as a whole, customers in Germany only pay € 1.10. A purely nominal approach, however, is too limited to provide an objective assessment of the letter prices charged in the surveyed countries. Consequently, the current survey takes other macro-economic criteria into account such as inflation, cost of labor, purchasing power and the number of working minutes needed to cover the cost of a letter.

Adjusted for inflation, postage rates for letters in Germany have risen by 31.4 % since 2012. In that same time period in Europe, however, the average inflation-adjusted price rose by nearly 85 %. Even when the amount of working time needed to cover the price of a domestic letter in the countries surveyed is taken into consideration, German letter prices still remain extraordinarily reasonable. Only in Switzerland and Malta are fewer working minutes needed to earn the postage rate of a standard letter.

The consolidated comparison of postage rates presented here, which incorporates differences in labor costs and purchasing power, once again shows that the Deutsche Post price for a standard domestic letter is still one of the most affordable in Europe. More affordable domestic letter mail rates can be found in only five much smaller countries, more expensive ones in 25 other nations. The highest consolidated postage prices are charged in Denmark and Finland. The country charging the least is Malta.

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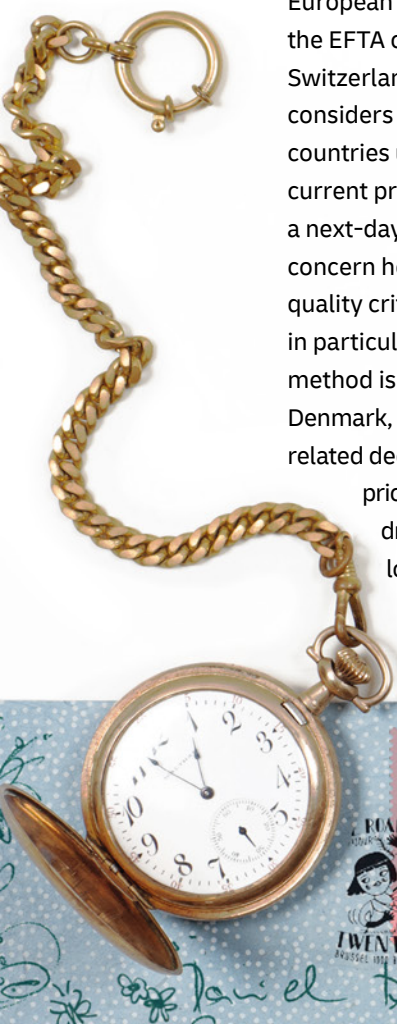


2 Comments on methodology

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, the study 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, in some instances 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. 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 2012 to 2021, 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, resulting in the adjusted letter prices.

This study also takes into account all applicable postage rates or officially announced price changes as of March 15, 2022, in the countries under review. The data on the individual countries was taken from Eurostat, national statistics bureaus 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 “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 for a letter in Hungary rose two euro cents after its conversion even though the price in the local currency did not change.



3 Review of nominal prices

3.1 Domestic letter mail

The average price of a domestic standard letter in Europe is currently € 1.25, which is nine 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 € 3.90. Germany ranks well below the average thanks to Deutsche Post's € 0.85 domestic standard letter, a price that puts it in 20th place on the nominal price table despite the rate hike of five cents as of January 1, 2022.

The price of a domestic standard letter has increased in 16 of the countries under review since the last study. Slight increases of just a few euro cents were found in countries like Portugal and Spain. In France, Switzerland, the UK, Poland and other nations, prices rose moderately by about 10 %. The French price hike marked the twelfth consecutive increase recorded in this annual study. The price hike in Latvia was even more substantial, with the rate rising from € 1.00 to € 1.20.

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 Czech Republic, for example, the converted price in euros for a standard letter is eight cents higher despite no change in the nominal Czech koruna price.

Finland and Italy continue to follow list-topper Denmark in the rankings, with nominal prices of € 3.45 (2nd place) and € 2.80 (3rd place) respectively. The Italian standard letter, which in this comparison is "Posta1", includes the option of simplified shipment tracking. As they did last year, Greece and Belgium occupy fourth and fifth place with letter prices of € 1.90 and € 1.89.

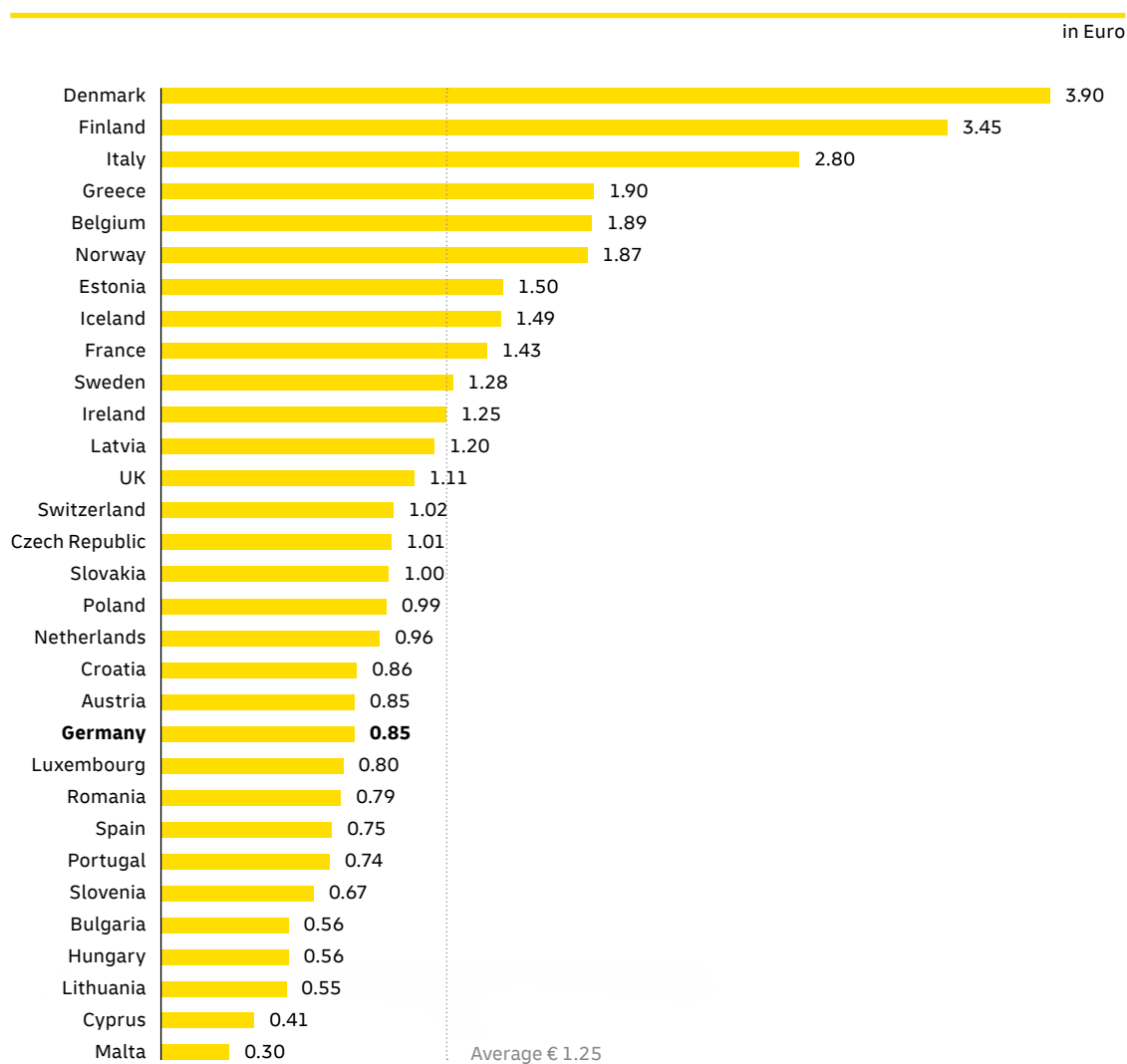
Only a few dramatic changes can be found in the remaining rankings for this year. A 12 % hike of 10 pence put the price of a domestic standard letter transported by British Royal Mail at GBP 0.95 (€ 1.11), moving the UK up three in the ranks to 13th. Slovakia now occupies 16th place, following its ranking of 22nd in the prior year. The change can be attributed to a considerable 25 % increase in postage from € 0.80 to € 1.00. Despite an equally considerable price increase of 26 % (from RON 3.10 to RON 3.90), Romania only moved up two places in the ranking, from 25th to 23rd. The Netherlands had a very different price trend. Despite PostNL's stable price of € 0.96, the country still fell from 13th place last year to 18th in this year's ranking.

In nominal terms, domestic letter prices for postal customers continued to be the most affordable in the island nations of 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.





Nominal price for a domestic standard letter





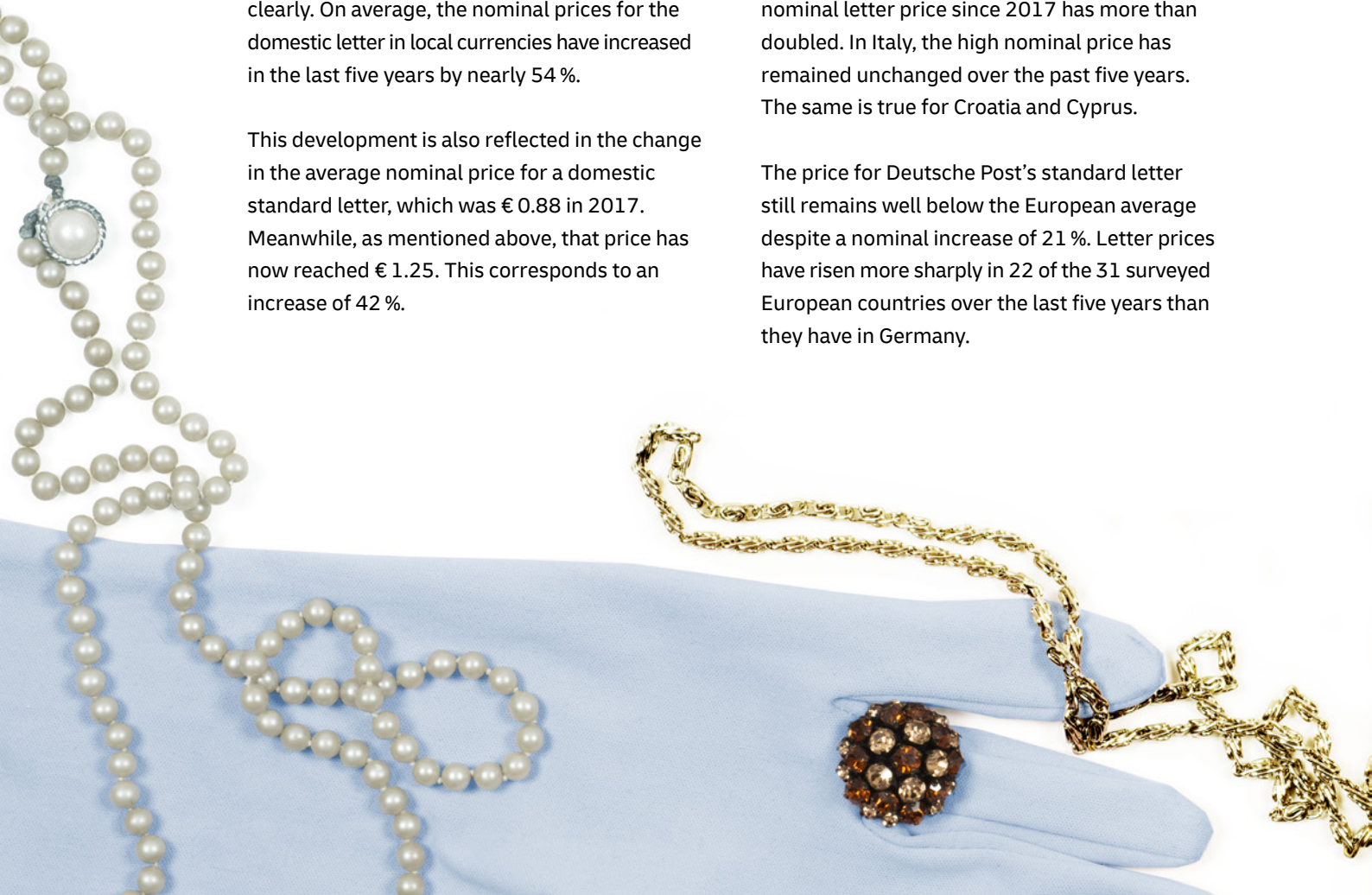
3.2 Price developments since 2017

In most European countries, the price for a domestic standard letter has risen considerably over the last five years. Price trends since 2017 in percentage show 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 54 %.

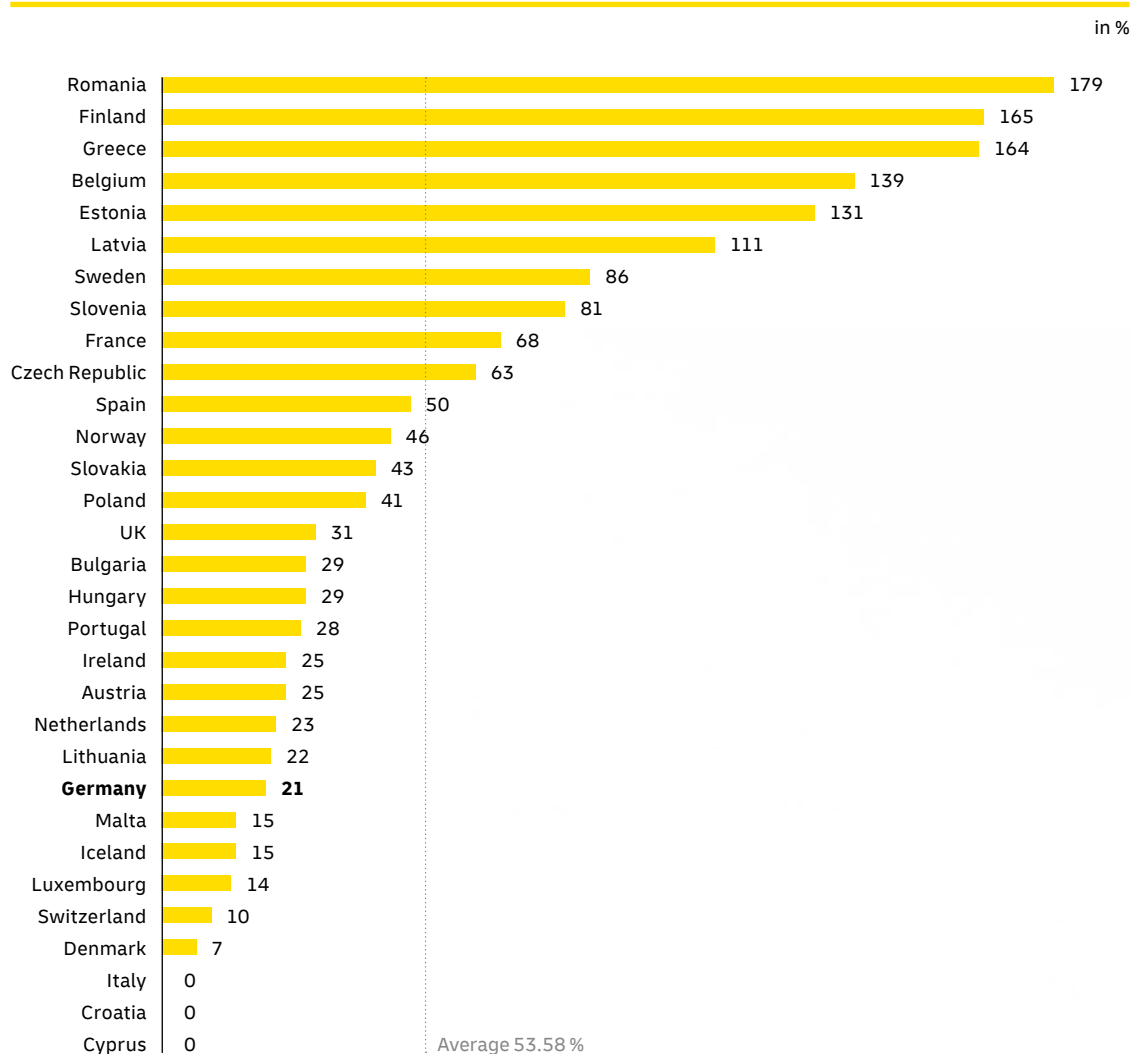
This development is also reflected in the change in the average nominal price for a domestic standard letter, which was € 0.88 in 2017. Meanwhile, as mentioned above, that price has now reached € 1.25. This corresponds to an increase of 42 %.

Romania, whose letter price is up 179 %, tops the list of price increases. Finland and Greece are close followers, with postage up more than 160 %. In Belgium, Estonia, and Latvia, the nominal letter price since 2017 has more than doubled. In Italy, the high nominal price has remained unchanged over the past five years. The same is true for Croatia and Cyprus.

The price for Deutsche Post's standard letter still remains well below the European average despite a nominal increase of 21 %. Letter prices have risen more sharply in 22 of the 31 surveyed European countries over the last five years than they have in Germany.



Price developments 2017 – 2022



3.3 Letter mail within Europe



The price for sending a standard letter internationally within Europe, i.e., to another European country, has risen in 15 nations since last year. In 13 of them, postal service providers also raised domestic letter rates. In Denmark and Iceland, price increases only affected the intra-European letter, but in Germany, Poland and Slovakia, it was domestic letter prices that increased. In 16 countries, the postage rate for letters sent within Europe did not change.

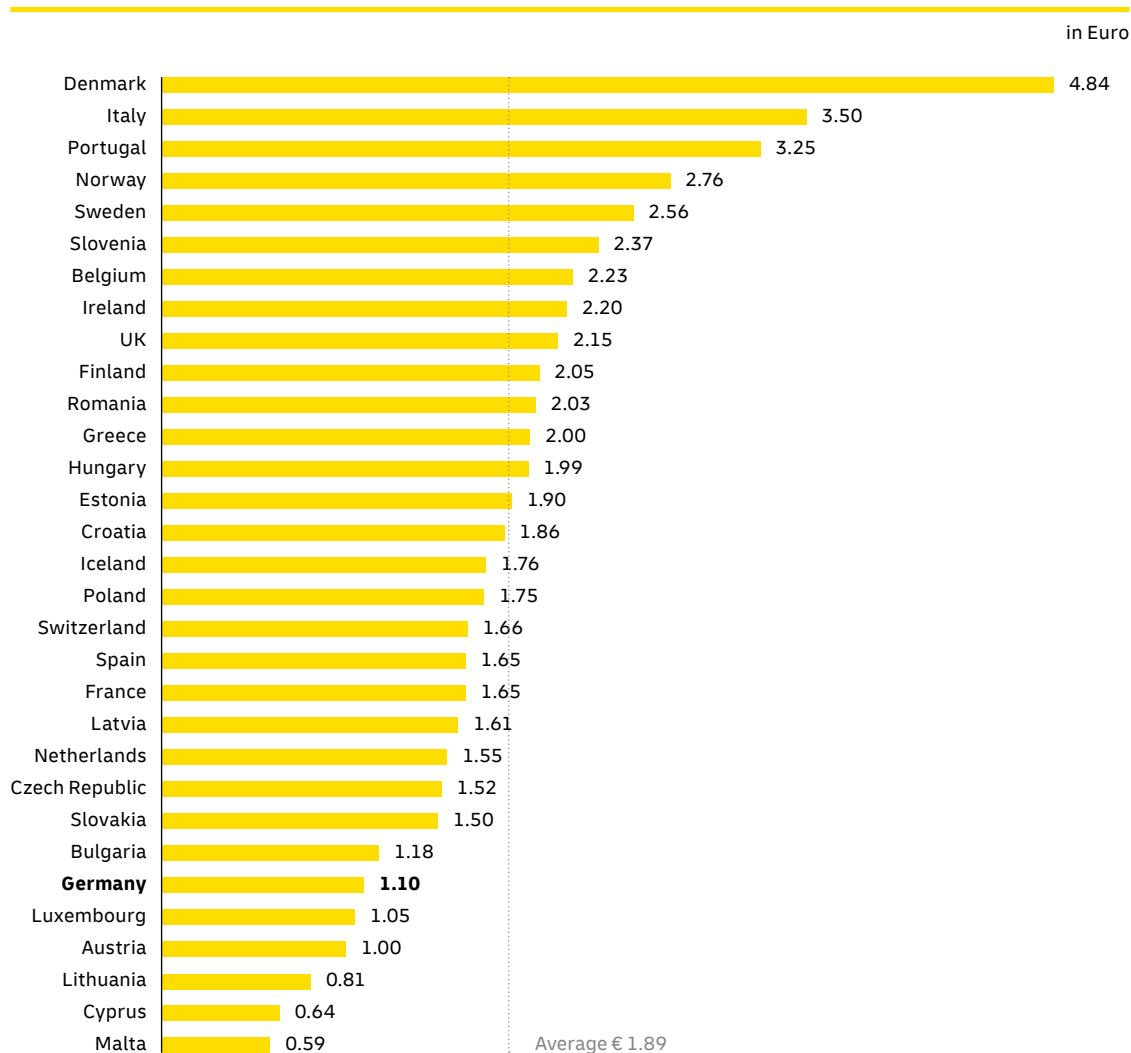
The average price for sending letters within Europe is currently € 1.89 or € 0.16 more than last year. In 14 countries the postage for Europe-wide mail dispatch is more expensive than the average; in 17 it is less expensive.

The most considerable price hike for this type of letter was found in Ireland. There, the price soared 29 % from € 1.70 to € 2.20. Belgium Post also made this product significantly more expensive, upping it from € 1.91 to € 2.23 (+27 %). Moderate price upticks of approximately 10 % occurred in countries like Romania (from RON 9.00 to RON 10.00), the United Kingdom (from GBP 1.70 to GBP 1.85) and in Spain and France (from € 1.50 to € 1.65 in both cases).

Exchange rate fluctuations also had an impact on letter mail within Europe. For example, in Hungary the price for the intra-European letter did not change in the Hungarian forint, but its conversion into euros resulted in a price climb of five cents. In nearly all countries, it costs more to send a letter internationally within Europe than to send one domestically. The only exception in this case,



Nominal price for letter mail within Europe



as it has been in prior years, is Finland, where a standard intra-European letter costs €2.05 but D+1 dispatch of its domestic twin (with proof of delivery) is €3.45. On average in Europe, the intra-European letter is 1.8 times more expensive than the domestic standard letter. The equivalent multiplier in Germany, however, is only 1.3 thanks to a European letter rate of €1.10.

Customers in Denmark continue to pay the highest nominal price for letters sent to another country in Europe (€4.84 converted). Italy and Portugal charge the second and third highest rates or €3.50 and €3.25 respectively. Meanwhile, the rates in the United Kingdom have moved the UK up from 14th last year to ninth place. And Swiss Post customers now pay CHF 1.80 for this type

of letter, 30 centimes more than they did last year. As a result Switzerland has climbed up four in the ranking, from 22nd to 18th place. Hungary, on the other hand, has fallen from ninth place to 13th and Estonia dropped from 11th to 14th. In both countries, the nominal price for a letter sent to another European country did not change.

Germany has kept its very low position in the ranking (26th) thanks to Deutsche Post's considerably below average price for standard letters to other European countries. Only five other countries have lower prices. The bottom trio with the most economical prices for intra-European letters are 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 2012

Any meaningful comparison of letter prices in Europe must also take the different rates of inflation 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.

The average rate of inflation in all the countries surveyed was 1.46 % in the period from 2012 to 2021. This ranged from -0.11 % in Switzerland and 0.16 % in Greece up to 2.62 % in Hungary. In Poland, average inflation over the past ten years was 2.02 %, in Germany 1.42 %, in France 1.16 % and in Bulgaria 0.99 %.

Overall, the inflation-adjusted price of a standard domestic letter in the countries surveyed has risen on average by 85.21 % since 2012. Thirteen countries had values above that average, 18 below it.

Finland and Italy top this list. In both countries, the domestic letter price adjusted for inflation rose by more than 250 %. Denmark and Greece follow with rises of over 200 %. In the other countries in the top ten – Estonia, Slovenia, Czech Republic, Belgium, France and Romania – prices rose by more than 100 %. In other words, letter prices adjusted for inflation more than doubled in these nations.

In Ireland and Sweden, the inflation-adjusted letter price nearly doubled. Lithuania was the only country whose price remained mostly stable in this context, rising only 5.0 %.

When adjusted for inflation, postage rates in Germany have increased by 31.4 % since 2012 or about 54 % less than the European average. That puts Germany in the lower third of this table (23rd place).



- Personajes -
Centenario nacimiento

Mariemma

1917 | 2017



ISCS ESPAÑA
Correos

18 junio 2017



0,55€

- Personajes -
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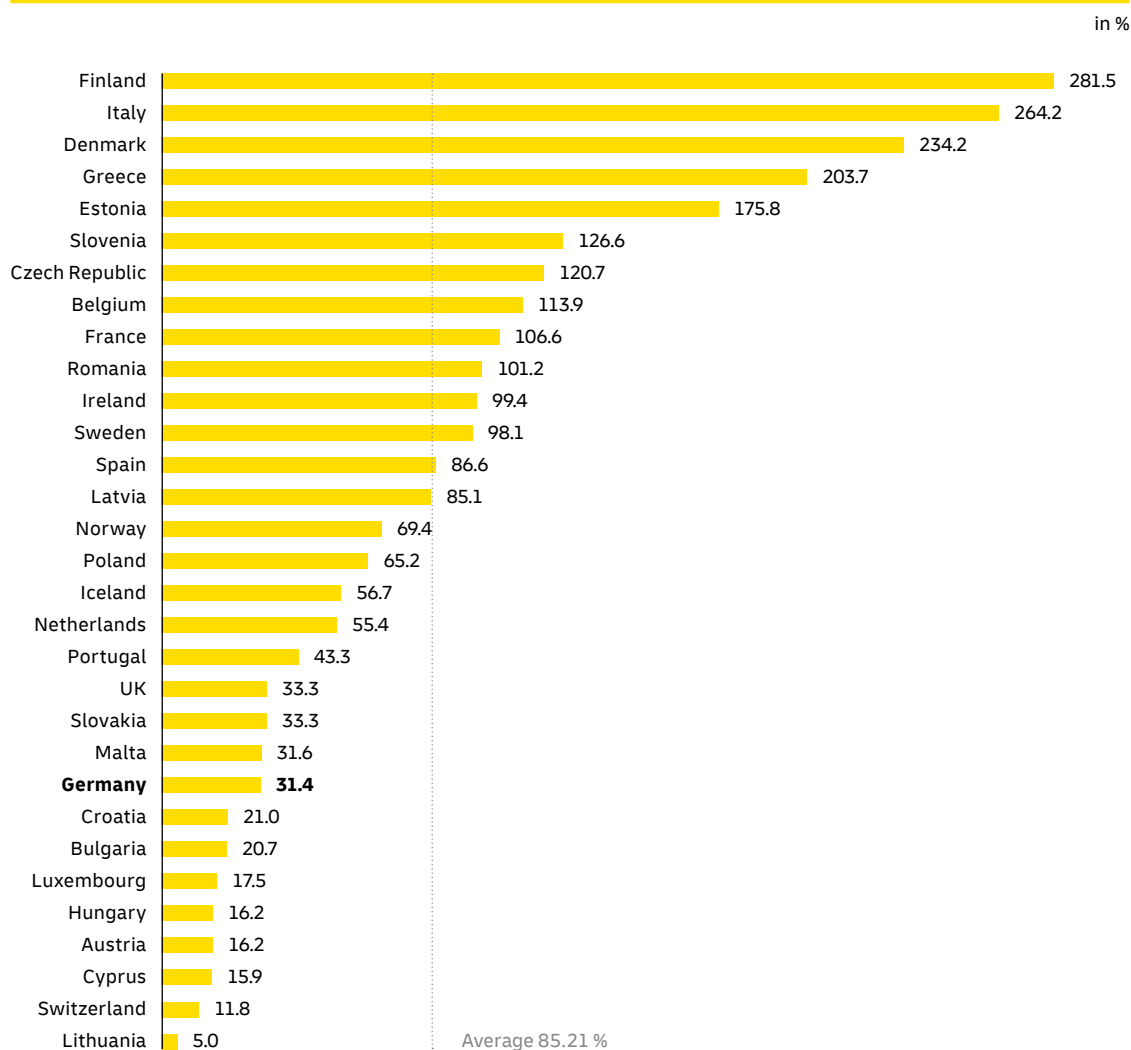
Mariemma

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Albert Muñoz
Pl. Sant Jaume, 1
08002 Barcelona
ESPAÑA



Inflation-adjusted change in letter prices 2012 – 2021





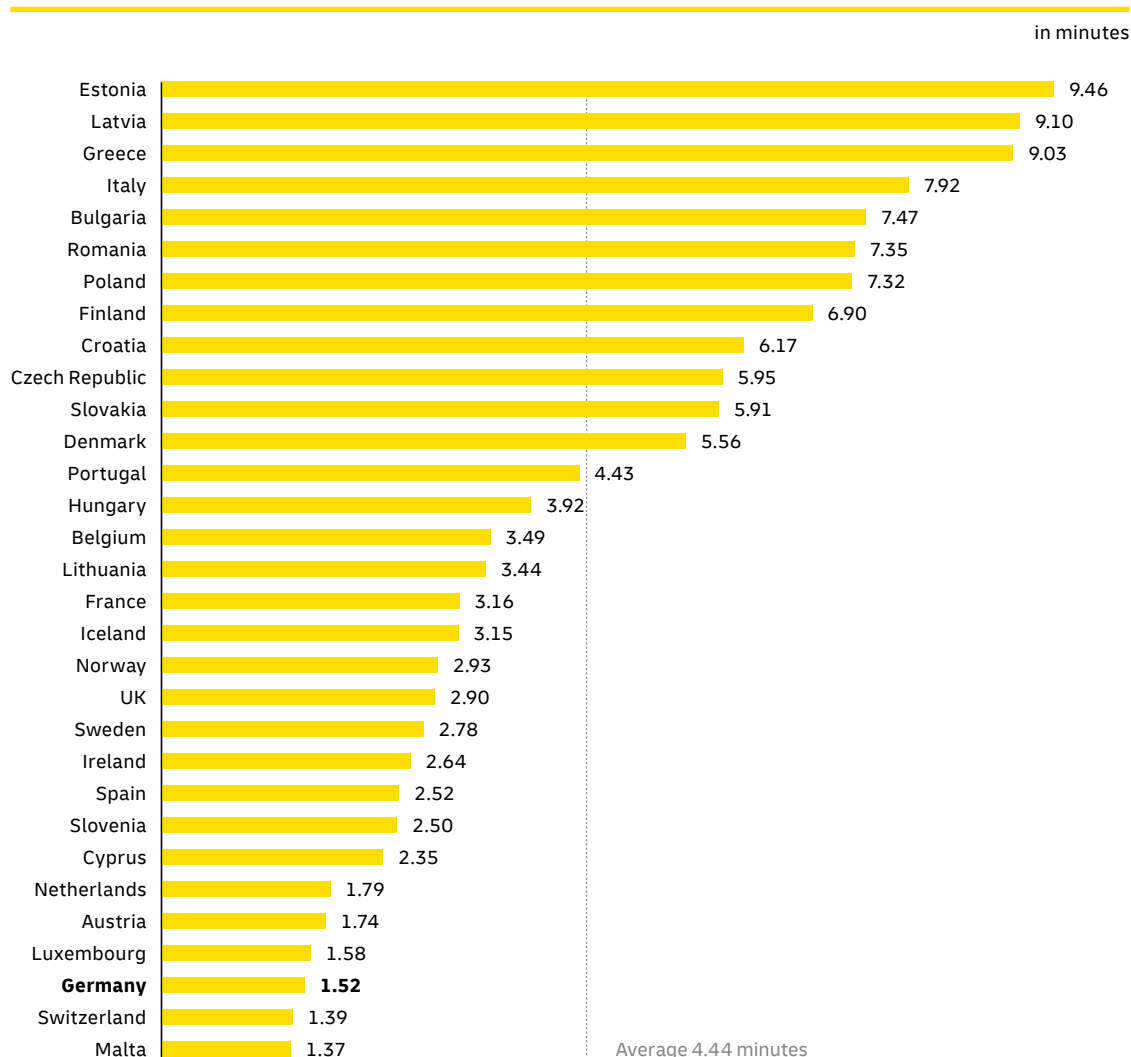
5 Work in minutes per letter price

According to the European Union's Postal Services Directive, consumer prices for universal service products in the member states of the European Union must be "affordable". In the assessment of what constitutes an "affordable" domestic standard letter, the different income levels in European countries have an important role to play. A good indicator of affordability is the amount of working time needed to earn the cash equivalent of the domestic letter price in that country.

This calculation is based on the hourly wage of an industrial worker. Once again, the information on the hourly rates for workers in the manufacturing industry was provided by both 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 4.44 minutes of working time to earn the cash equivalent of a standard letter. This average time has risen slightly by almost 5 % compared with the prior year. In 2021, it took an average of 4.24 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 still Estonia, at around nine-and-a-half minutes. Over nine minutes of work is also needed in the countries ranked two and three, Latvia and Greece.

Work in minutes per letter price



The least amount of time is found in Malta, where only 1.37 minutes is needed to cover the cost of a standard letter. In Switzerland, workers need to work just a bit longer – 1.39 minutes – to be able to send a letter within the Swiss Confederation. Germany continues to be third from

bottom in this ranking thanks to a markedly below average time of 1.52 minutes per letter (2021: 1.44 minutes). The overall implication of this section of the survey is that the working time criterion also demonstrates the particular affordability of the Deutsche Post letter price.



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 should also be incorporated in a comparison of letter prices in Europe.

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.

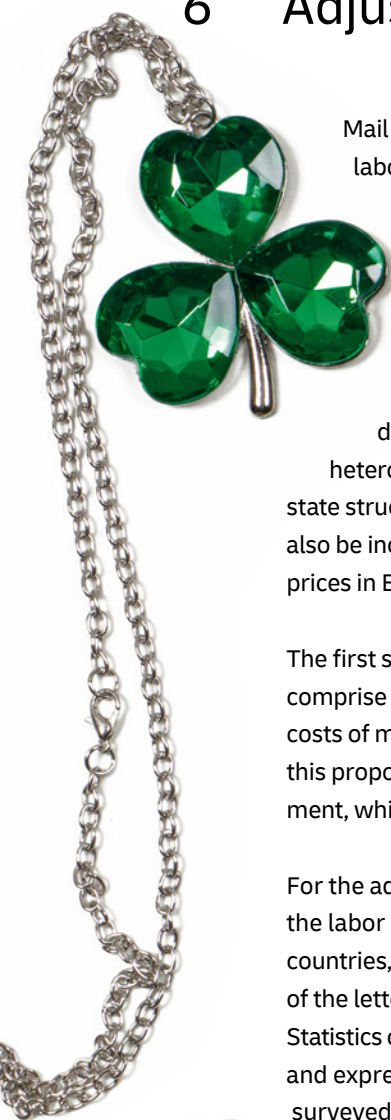
For the adjustment, ratios are calculated using the labor costs for Germany and the respective countries, which are then multiplied by the share of the letter price accounted for by staff costs. Statistics on the cost of labor in the postal, courier, and express services sector in the countries surveyed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

The average European price calculated using this cost/labor method is currently € 1.70, which is € 0.13 higher than last year's and € 0.85 more than the standard letter price charged by Deutsche Post. In the rest of Europe, this type of letter price is above the average in 14 countries and below it in 17 others.

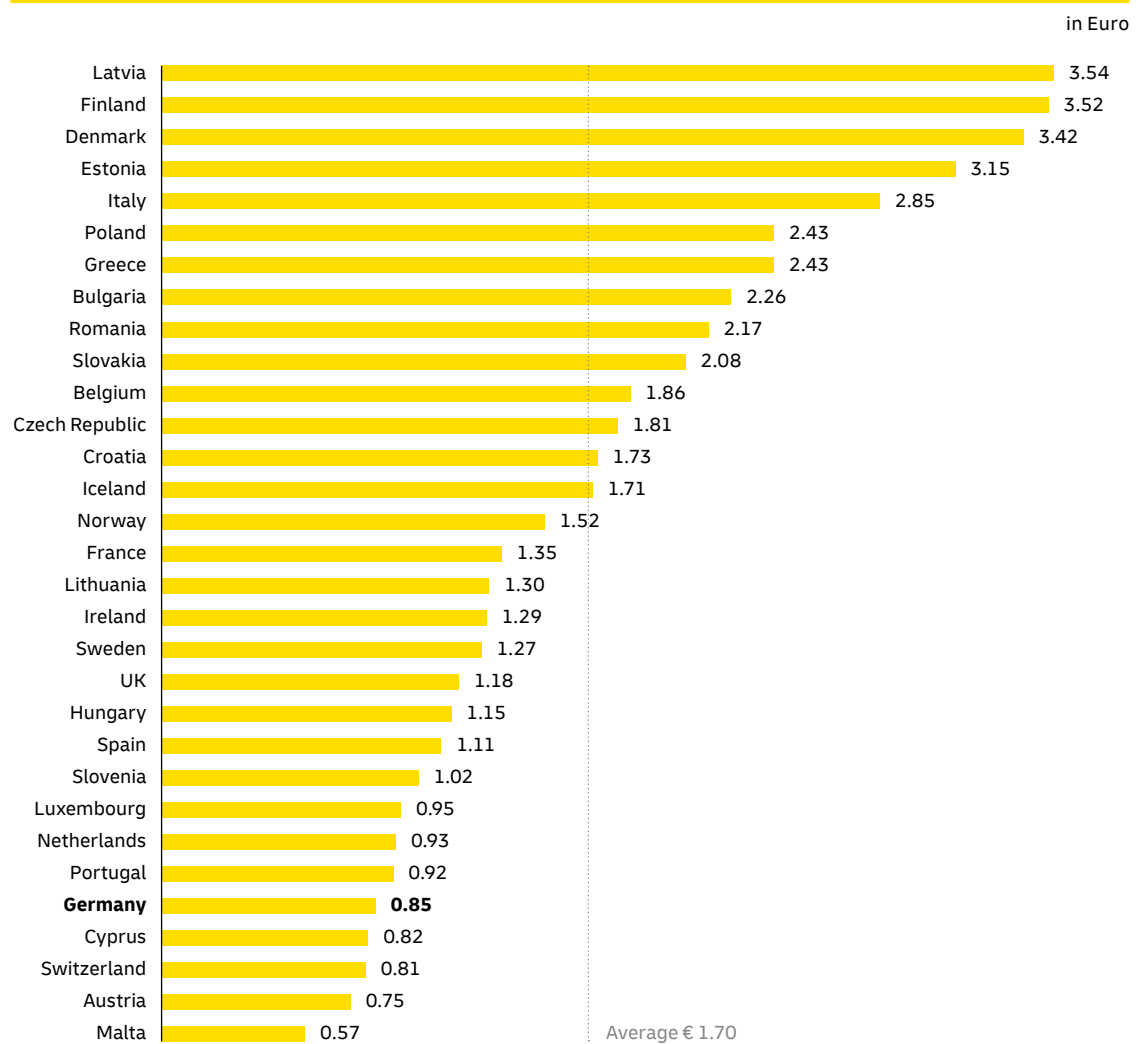


Latvia, at € 3.54, is the new list leader in labor-adjusted letter prices thanks to a 20 % price hike that is particularly noticeable in this overview. It is followed in the ranking by Finland, Denmark and Estonia, each of whose adjusted letter prices exceeds three euros.

In a year-on-year comparison, letter prices adjusted for the cost of labor have fallen in only a few countries. This trend was seen most clearly in Lithuania. Last year, the national postal service of Lithuania, Lietuvos paštas, had an adjusted rate of € 1.43 and a ranking of 15. This year, its adjusted rate fell to € 1.30 and the country's ranking to 17.



Letter prices adjusted for labor costs



A dramatic increase in this value since the last survey was seen in Poland, where the rate rose from € 2.18 to € 2.43 and the country's ranking from 8th to 6th. The labor adjusted rate rose by more than € 0.30 in Romania (€ 2.17), Slovakia (€ 2.08), Belgium (€ 1.86) and Ireland (€ 1.29), putting these countries in 9th, 10th, 11th and 18th place respectively.

With a rate of only € 0.85, Germany occupies a position quite low on the table, rank 27. A lower letter price than the German one is offered only in Cyprus, Austria, Switzerland and Malta when labor costs are taken into consideration.



7 Adjustment for purchasing power differences

Income levels and prosperity vary considerably in the European countries surveyed. As a result purchasing power also varies. Since real purchasing power is a key criterion for assessing the affordability of goods and services, it must also be included in the assessment of letter price affordability.

By taking purchasing power into account, the macro-economic conditions that differ in the countries under review are taken into consideration. It also compensates for the differences in price levels in individual countries which 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 € 1.40, ten cents more year-on-year. In 13 countries the letter price is above this average and below it in 18 others.

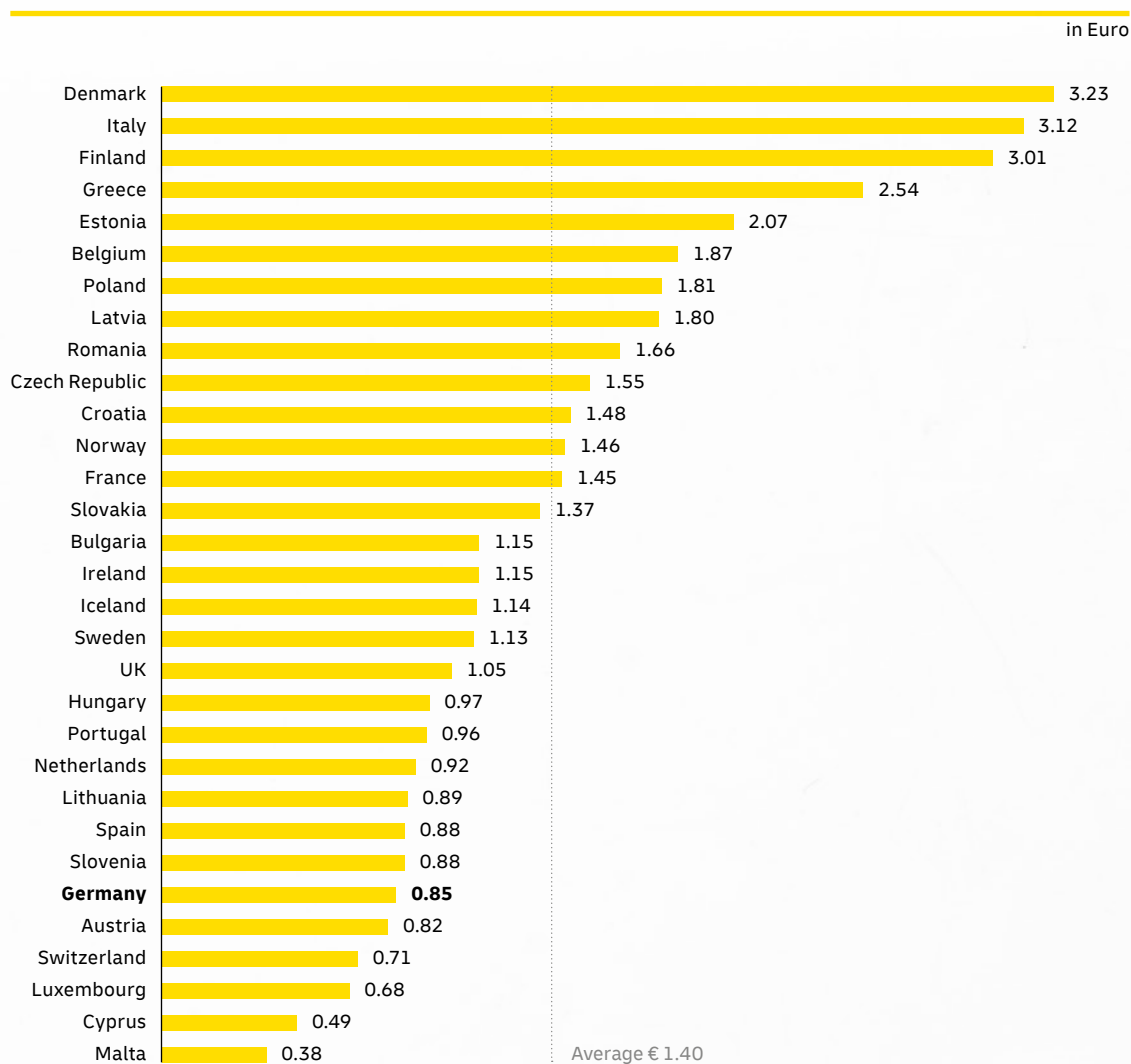
The ranking of letter prices adjusted for purchasing power continues to be dominated by Denmark, whose converted postage rate remains unchanged at € 3.23. In second- and third-ranked Italy and Finland, the adjusted price for a standard letter was still over three euros when this method is used. The fourth and fifth ranked countries of Greece and Estonia had prices over two euros. Ranks six to nine are occupied by four countries with significant increases in their purchasing power adjusted letter prices: Belgium with € 1.87 (up € 0.30), Poland with a converted € 1.81 (up € 0.21), Latvia with € 1.80 (up € 0.31) and Romania with a converted € 1.66 (up € 0.33). In France, this same category of letter price increased noticeably once again. It was € 1.14 in 2020, rose to € 1.30 in 2021, and then made a nearly equivalent jump of € 0.15 to € 1.45 in 2022.

Germany, with a postage rate of € 0.85, holds a low position in this ranking (26th). The price of Deutsche Post's domestic standard letter is thus € 0.55 below the European average when adjusted for purchasing power. Letter prices for postal customers continue to be particularly affordable in the island nations of Cyprus and Malta, at € 0.49 and € 0.38 respectively.





Letter prices adjusted for purchasing power differences





8 Consolidated results

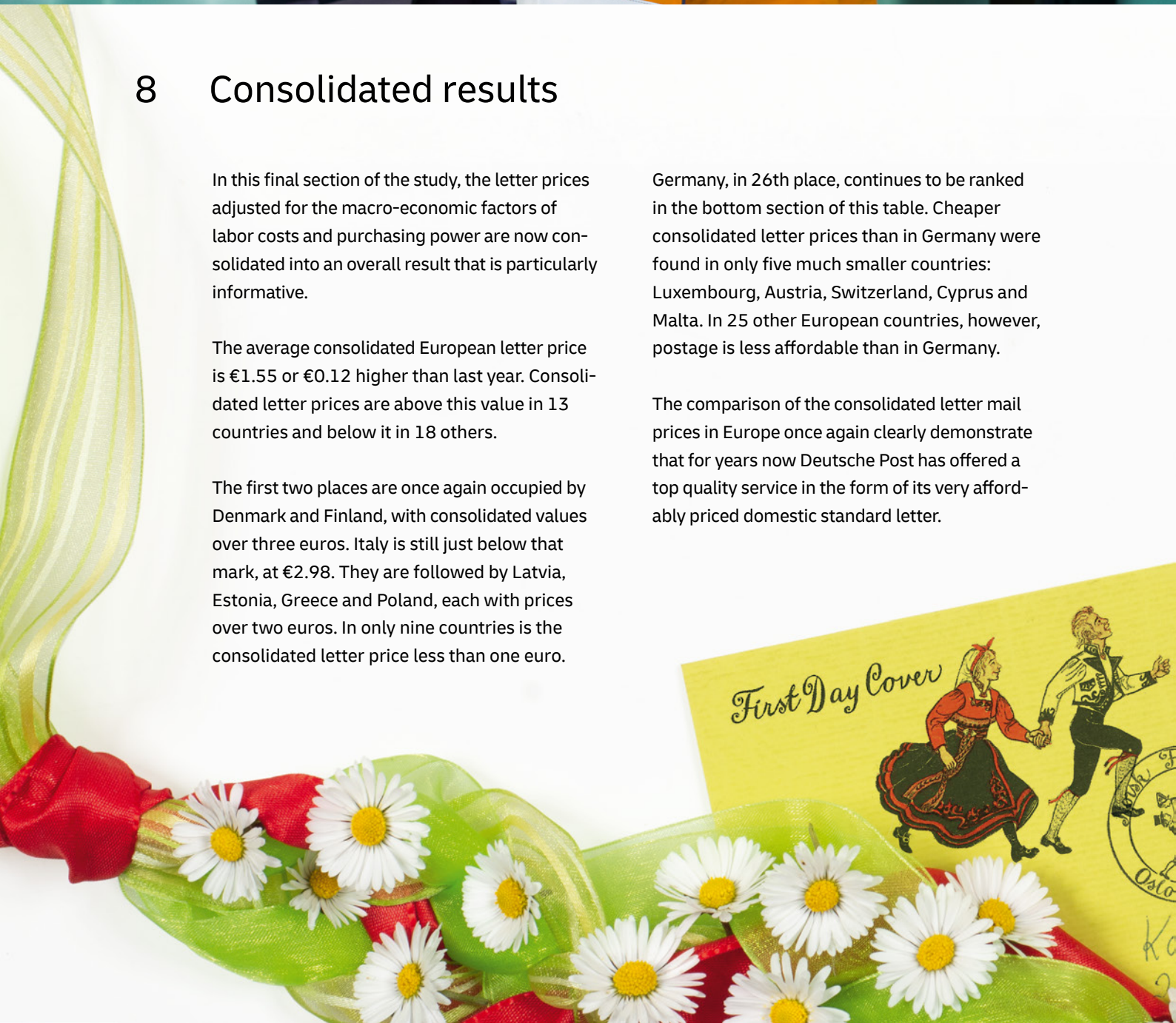
In this final section of the study, the letter prices adjusted for the macro-economic factors of labor costs and purchasing power are now consolidated into an overall result that is particularly informative.

The average consolidated European letter price is €1.55 or €0.12 higher 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 Finland, with consolidated values over three euros. Italy is still just below that mark, at €2.98. They are followed by Latvia, Estonia, Greece and Poland, each with prices over two euros. In only nine countries is the consolidated letter price less than one euro.

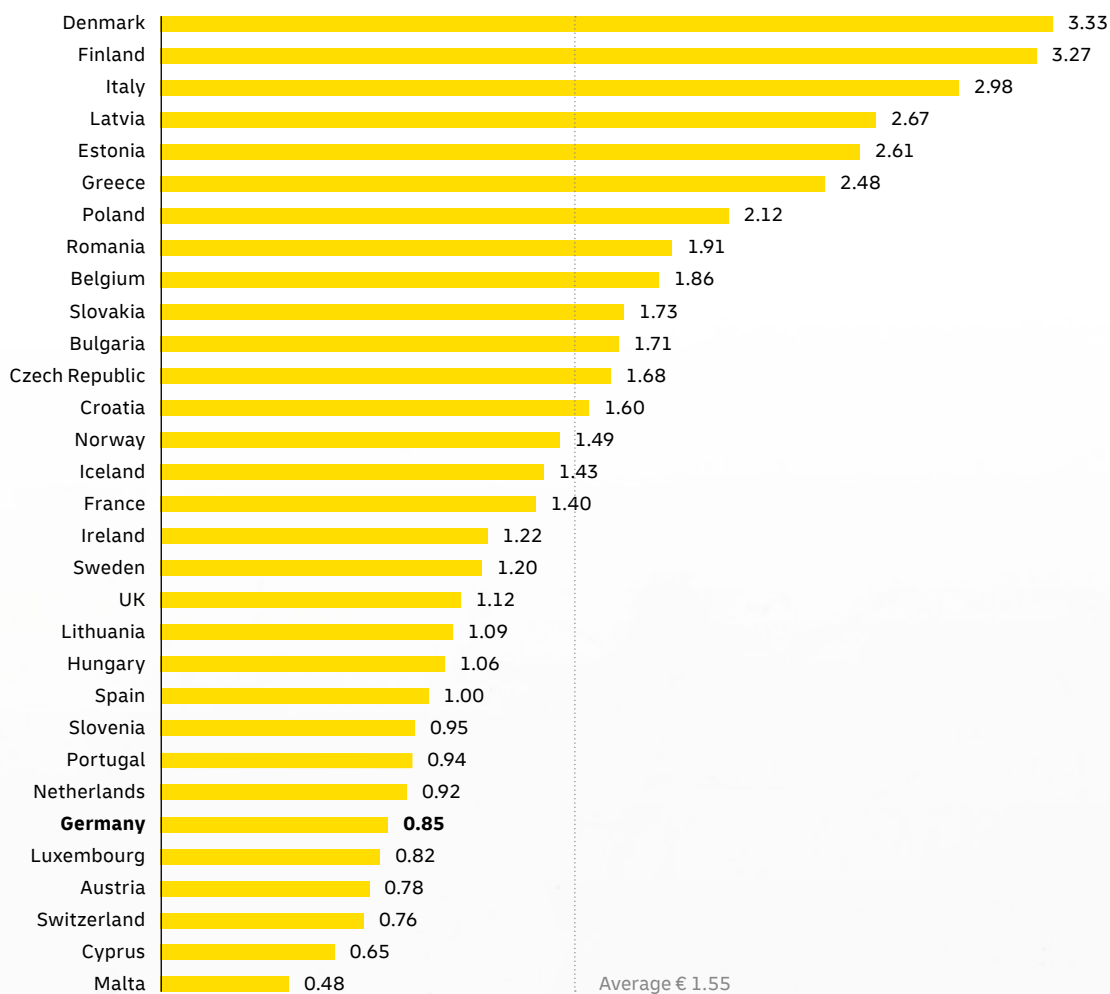
Germany, in 26th place, continues to be ranked in the bottom section of this table. Cheaper consolidated letter prices than in Germany were found in only five much smaller countries: Luxembourg, Austria, Switzerland, Cyprus and Malta. In 25 other European countries, however, postage is less affordable 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 very affordably priced domestic standard letter.



Consolidated overall results

in Euro



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Deutsche Post AG
Headquarters
Corporate Public Affairs
53250 Bonn

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