



# Parcel Post Index 2015

## Excellent price-performance ratio for parcels

**Swiss Post's customers benefit from attractive prices and are also supplied with high-quality postal services. A current comparison with other European countries shows that Swiss Post's parcel prices are highly attractive. This is documented by the Parcel Post Index and the index, which takes into account purchasing power in the countries under review. Swiss Post also ranks among the best as regards the quality of delivery.**

The Parcel Post Index is based on parcel categories «Priority» and «Economy» in weight classes 1 to 20 kg. For the 15 countries under review, the results are those displayed in chart 1 and chart 2. The index value of a country shows by how many percentage points its parcel prices lie above or below parcel prices in Switzerland (index value = 100).

Both Parcel Post Indices are based on parcel prices as at 1 November 2014. Chart 1 illustrates that, overall, Swiss Post provides its services on the parcel market at attractive prices. Only in two other European countries are parcels handled at an even more attractive price level. In the absence of adjustment for purchasing power (see chart 1), Swiss Post ranks third (the same rank as in the previous year) in the comparison with 14 European countries, thus earning a place on the winners' rostrum despite a strong Swiss franc<sup>1</sup>. Sending parcels is cheapest in Germany and in Austria. Swiss parcel prices are within a similar range to those in Belgium, The Netherlands and Great Britain. The other countries under review display significantly higher price levels. Particularly high prices have to be paid in Scandinavian countries.

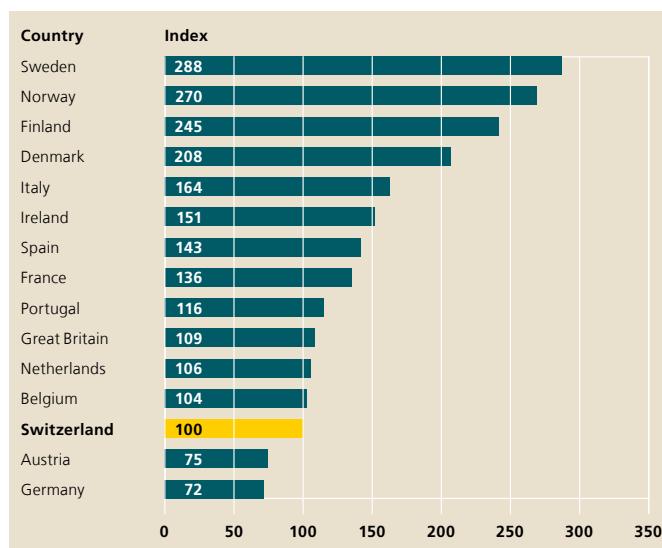
Taking into account purchasing power, Swiss Post ranks first (see chart 2). This means that in relation to other goods, parcels are less expensive in Switzerland than in any other country under review.

### Publication of two indices

In order to gain an eloquent overview of parcel prices, all parcel categories must be included and weighted according to their relevance. That is exactly what the Parcel Post Index proceeds to do. It weights individual parcel categories according to the frequency with which they are used by Swiss consumers.

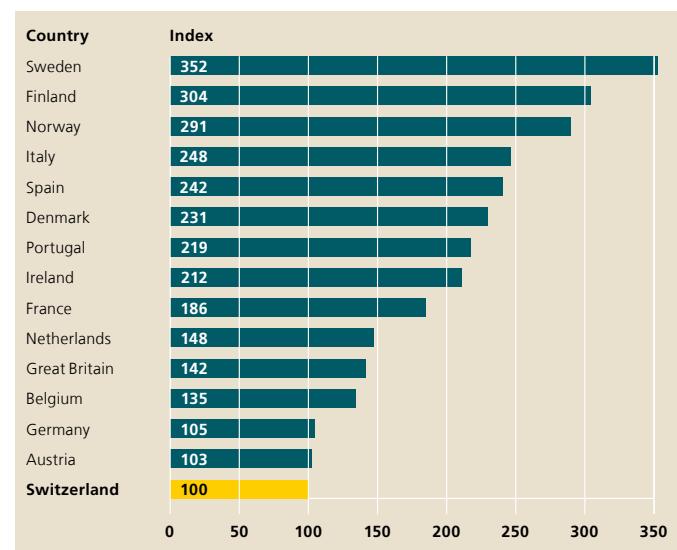
<sup>1</sup> Exchange rates as at the reference date: 31 October 2014. Compared to the previous year, the Swiss franc has once again made considerable gains at the beginning of 2015, especially against the euro. If the Swiss franc's very strong exchange rate persists until the end of 2015, changes are likely in next year's Letter Post Index ranking in favour of Swiss Post.

**Chart 1: Swiss Parcel Post Index 2015**



Parcels taken into account up to 20 kg (excluding additional services); list prices for individual consignments (exchange rate-adjusted). Status: 1 November 2014. Index Switzerland = 100

**Chart 2: Swiss Parcel Post Index adjusted for purchasing power 2015**



Parcels taken into account up to 20 kg (excluding additional services); list prices for individual consignments. Status: prices as at 1 November 2014; purchasing power parities OECD 2013 (as at 18 November 2014). Index Switzerland = 100

The prices taken into account are the in-store prices. This method is based on the Laspeyres index concept, which has been in use worldwide for many years when it comes to price comparisons. The so-called Parcel Post Index was developed on behalf of Swiss Post in 2008 by the Centre for Research in Economic Statistics CEStat.ch at the University of Freiburg. It acts as counterpart to the Letter Post Index, published since 2006.

The conversion of European prices is based on the currency exchange rates, which fluctuate significantly to some extent. This volatility weakens the validity of the index.

A report by the Swiss Institute for International Economics and Applied Economic Research (SIAW) at the University of St. Gallen recommends additionally using purchasing power parities for conversion: «The advantage of an index containing purchasing power parities is that it is less volatile over time and maps the real prices of letters or parcels relative to other means of written communication», says Professor Föllmi from the University of St. Gallen in his report. The report further states that postal consignments, with their nationally bound infrastructure, are classic, non-tradeable goods, making letter and parcel post indices natural candidates for purchasing power parity conversion.

Since an index adjusted for purchasing power is not influenced by fluctuations in the exchange rate, it is significantly more robust than the Parcel Post Index. Swiss Post publishes both the Parcel Post Index and the version adjusted for purchasing power.

## The method

Macroeconomics uses two standard procedures for comparing different prices in international baskets of goods. Firstly, conversion using market exchange rates, and secondly, conversion using purchasing power parities. In the case of purchasing power parity exchange rates, CHF 1 buys the same basket of goods in every country. Adjusting for purchasing power is a standard procedure for establishing price comparisons.

## High quality of service

As is the case with every economic model, the Parcel Post Indices depict reality in simplified form. In particular, the differing quality of parcel services in the countries under review is not taken into consideration. High-quality Swiss postal products are compared with a lesser-quality product. Swiss Post regularly achieves very good results as regards the delivery of parcels: in 2014, 97.4 per cent of all PostPac Priority and 97.5 per cent of all PostPac Economy parcels were delivered on time. In comparison to other countries, Swiss Post thus ranks among the best not only as regards its prices but also in terms of quality.

## Swiss Post' position

- The Parcel Post Indices show that Swiss Post's parcel prices are highly attractive in international comparison. If quality were also taken into account, Swiss Post would fare even better.
- Comparing prices using parcel post indices is a scientifically recognised practice. All parcel categories are adequately taken into account and weighted according to overall mailing frequency across Switzerland.
- The Parcel Post Index adjusted for purchasing power transparently maps the real prices of parcels and it is robust, because it does not react to exchange rate fluctuations. Taking purchasing power into account, Swiss Post ranks first in international comparison.
- Going forward, Swiss Post must retain the possibility to continuously adapt its services and prices to changing customer requirements and shifts in the economic situation.

## Additional links

[www.swisspost.ch/politics](http://www.swisspost.ch/politics)