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24<sup>th</sup> May 2010



## VIRGIN MOBILE AND ORANGE INCREASE PAYOUTS TO THE CHARITY SECTOR FOR TEXT DONATION

Hampshire based Vir2 Ltd, the UK's leading specialist provider of mobile phone fundraising solutions, welcomed the announcement from Orange and Virgin Mobile that they were reducing their charges on donations made by text to 10% and 11% respectively on all donations made to charities on the special charity short codes starting 70 like 70300.

Orange were the last network to announce special charity rates. The average percentage received by charity for a text donation is now 90%.

			Donor Payment >>>				
			1.00	1.50	3.00	5.00	10.00
Network	Millions of Handsets	Market Share					
O2	21.5	28%	0.90	1.35 90%	2.70 90%	4.50 90%	9.00 90%
Orange	16.4	21%	0.90	1.35 90%	2.70 90%	4.50 90%	9.00 90%
Three	4.7	6%	0.95	1.43 95%	2.85 95%	4.75 95%	9.50 95%
T-Mobile	12.1	16%	0.80	1.20 80%	2.70 90%	4.50 90%	9.00 90%
Virgin Mobile	4.5	6%	0.89	1.34 89%	2.67 89%	4.45 89%	8.90 89%
Vodafone	17.7	23%	0.90	1.35 90%	2.70 90%	4.50 90%	9.00 90%
<b>Weighted average</b>			<b>0.89</b> 89%	<b>1.33</b> 89%	<b>2.71</b> 90%	<b>4.51</b> 90%	<b>9.02</b> 90%

Rates have been rounded to the nearest penny for clarity

Network user estimates are Vir2 estimates based on Ofcom reports

Source: [www.vir2.co.uk](http://www.vir2.co.uk)

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A £3 text donation now costs about the same as a debit card to process and typically less than a cheque. It is also easier and cheaper for the charity to process in terms of overheads. The cost of processing other forms of payment include call centres,

insurance, fraud, security and the staff time taken counting and accounting for cash. Text donation has none of these hidden overheads.

In the past, whilst all mobile networks have generously waived charges on high profile BBC and Disasters and Emergency Committee Appeals, it was not possible to identify charity traffic from other forms of text payments. Since August special charity short codes were made available (5 digit numbers starting 70 like 70300) and so mobile networks have been able to offer better rates. Many of the networks, however, continue to charge lower profile charity campaigns over 20% on donations made by text.

"Text donation is a competitive option for small value payments. Text is also more spontaneous, it appeals to a younger audience. Cheques are also likely to be phased out by 2018." Said Roger Craven, Director of Vir2 Ltd the UK's most popular provider of text donation solutions.

The news is particularly welcome to small and medium sized charities, because the cost of processing smaller value donations hits them the hardest. They can't get the economies of scale necessary to get good rates from some forms of payment. The time costs involved in counting and moving money make cash one of the more expensive ways to give to charity, yet it is still the most popular way to give with 48% of donors using it. The average cash donation is just £10<sup>1</sup>. A text donation not only captures the payment, but it also gives the charity a way to follow up the donor and thank them.

Another impact of the way 70XXX numbers have been introduced is that they can only be used by registered charities approved by HMRC so unlike other forms of giving donors can be more confident the money is going to a good cause.

The announcement is significant for Vir2 because it vindicates their strategy. Vir2 began campaigning for charity short codes in 2006 by lobbying Parliament through Vir2's local MP Mark Oaten. Since then Vir2 have been working as part of the Charity Text Alliance with research firm NFP Synergy, the Charities Aid Foundation and the Institute of Fundraising to lower network charges.

## **NOTES TO EDITORS**

### **About Vir2**

Vir2 specialise in providing marketing and fundraising solutions to the charity sector.

Vir2 is the only company based in mainland UK to specialise in charitable donations by text.

Spontaneous giving to charity by members of the public is estimated by Vir2 to be worth about £2bn out of the £9.9bn given to charity last year.

Text and mobile phones are part of our everyday lives. In the UK we send 11 million texts an hour and a total of 9.6 billion texts were sent in the UK in December 2010<sup>2</sup>.

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<sup>1</sup> UK Giving Survey 2009: Charities Aid Foundation/National Council for Voluntary Organisations

<sup>2</sup> Source: Mobile Data Association

Mobile device out number PCs and it is becoming the way we access the internet. Already as many people have broadband access to the internet in the UK by mobile device as have high speed home access (about 30% of the population).<sup>3</sup>

Vir2 is a limited company founded in 2005. It has grown to become the leading player in SMS fundraising. Vir2 supplies marketing solutions to over 200 charities including many well known names including ActionAid, Age Concern, The Brooke, Christian Aid, The Children's Society, Mencap, RNLI, SANE, Teenage Cancer Trust, The Woodland Trust, and the UNHCR

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<sup>3</sup> Source: Ofcom