

**Findings From
The 2004-05 Practitioner
Communications Tracking Study**

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Background, Purpose, Method, Scope & Timing

- Recognizing the importance of Practitioners as influencers of *e-filing*, the IRS targeted this audience in its 2004-05 *e-file* Communications Campaign.
- To assess the effectiveness of these communications, IRS conducted tracking research among Practitioners.
- The research was conducted on a pre-post basis, that is...
 - With a Pre-Wave conducted prior to the communications campaign, to capture baseline measures.
 - And with a Post-Wave conducted immediately after the campaign, to measure changes resulting from the communications (and thus measuring the campaign's impact).
- Note: the IRS wanted to add communications tracking to the Practitioner profiling measures that have been a part of the *Practitioner Tracking Study* in the past. This study was designed to accomplish both objectives in one research vehicle.
- Both waves of the research were conducted by telephone from Russell's national field center in Wayne, NJ, with respondents drawn from IRS lists of Practitioners filing 100+ total Individual or Business returns – but with Big Two firms excluded, since the IRS has a direct communications approach with those firms.
 - A total of 754 interviews were conducted in the Pre-Wave; 750 in the Post-Wave.
 - The Pre-Wave was conducted November 16 to December 7, 2004, and the Post-Wave April 16 to May 6, 2005.

Detailed Findings

Statistical Notation Used In Detailed Findings

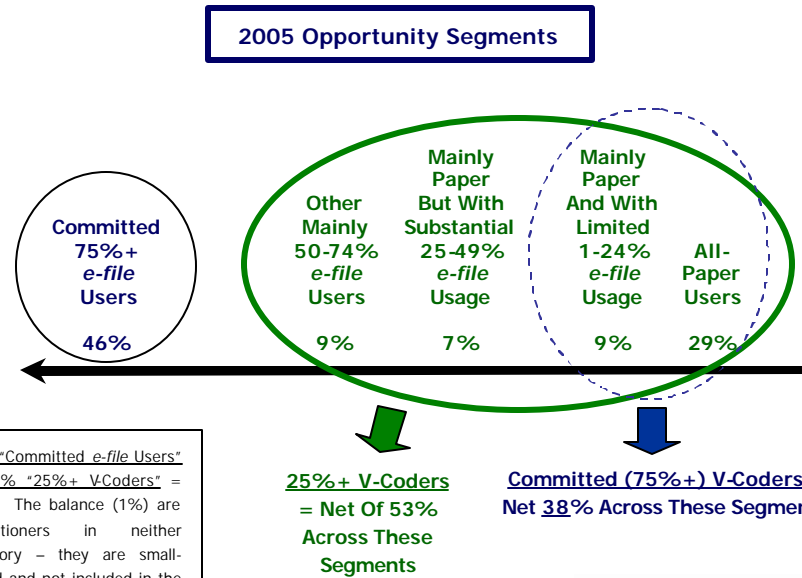
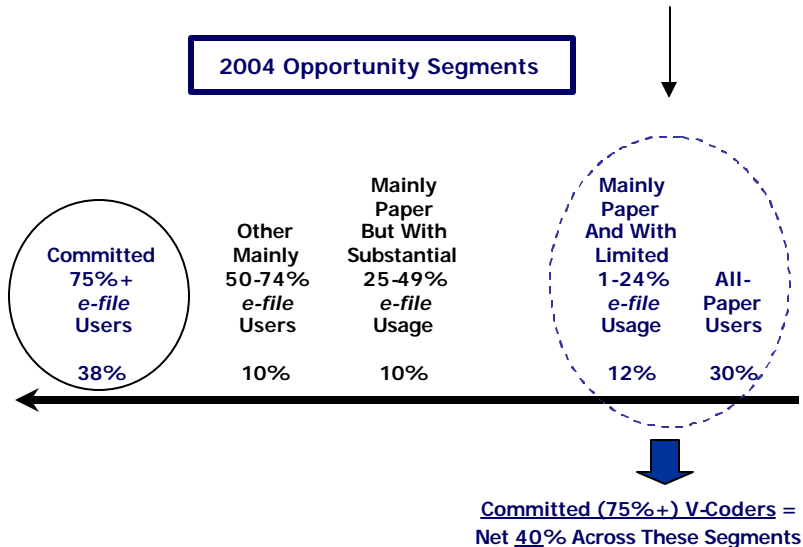
- Indicates a significant difference between waves or between sub-groups (at the 95% confidence level or higher).
- Indicates a directional difference between waves or between sub-groups (i.e., at the 90% confidence level).

**Awareness & Impact Of The 2005
e-file Communications Campaign**

Foreword To Communications Analysis

- The primary objective here was to determine the impact of the 2005 *e-file* Communications Campaign on 100+ Return Practitioners. Since this analysis was conducted on *e-file* usage segments, let's review these segments.
- First, recall that in the '04 Tracking Study (the forerunner study), we found that the top marketing opportunity were the Committed V-Coders (with 75%+ V-Coding on Individual returns). They were 40% of Practitioners in '04.

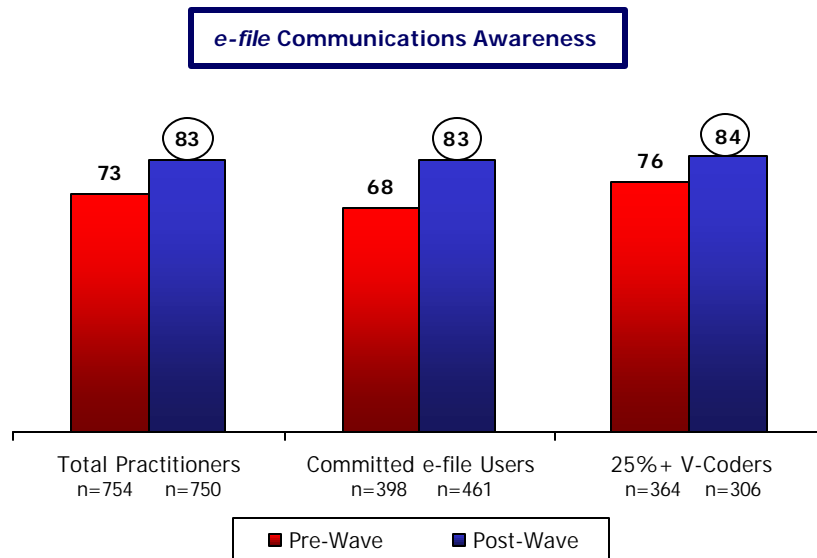
- However, IRS has since re-defined the opportunity to include any 100+ Practitioner with 25%+ V-Coding of Individual returns.
- As shown below, **25%+ V-Coders** are **53%** of Practitioners in 2005 and we'll look at communications impact among them vs. Committed *e-file* Users.
 - In a side comparison to last year, note that Committed *e-file* Users have increased (38%--46%) while the old target, Committed V-Coders, decreased (40%--38%).



46% "Committed e-file Users" + 53% "25%+ V-Coders" = 99%. The balance (1%) are Practitioners in neither category - they are small-based and not included in the sub-group analysis.

Communications Awareness & Actionability

- In the first of the campaign evaluations, we focused Practitioners on all different types of *e-file* communications¹, and asked if they recalled any communications about *e-file* in the past 6 months.
- Awareness of *e-file* communications increased sharply after the campaign – in total and among both key segments.



¹ Communications defined as "television commercials, print/ newspaper/Internet ads, radio commercials, news stories, flyers, direct mail, tax booklets, etc."

- 59% of Practitioners in both segments said they took some action as a result of exposure to the communications. What did they do? Mainly, they discussed *e-file* with clients, talked about it with friends and colleagues, and went to irs.gov.
- However, 9% of each segment said they either started or increased their use of *e-file*.

Actions Taken As Result Of Communications – Post-Wave Only

BASE: Aware Of <i>e-file</i> Communications	Total Practitioners	Committed <i>e-file</i> Users	25%+ V-Coders
	(624)	(382)	(257)
	%	%	%

Total Practitioners Who Took Action As A Result Of The Campaign	59	59	59
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What Action Did They Take?

Action	Total Practitioners	Committed <i>e-file</i> Users	25%+ V-Coders
Discussed <i>e-file</i> with clients	40	43	39
Discussed <i>e-file</i> with friends/colleagues	29	27	29
Visited irs.gov	23	28	19
Started/increased use of <i>e-file</i>	9	9	9
Visited <i>aboute-file.com</i>	6	6	6
All other actions	7	5	9

Communications Sources & Practitioner Reaction To Campaign

- Top sources of awareness of 2005 e-file communications were **Materials Sent By The IRS and Regular TV Advertising** (the latter with higher attribution among Committed e-file Users than the 25%+ V-Coders).

Source Of Communications Awareness – Post-Wave

	Total Practitioners	Committed e-file Users	25%+ V-Coders
BASE: Aware Of e-file Communications	(624) %	(382) %	(257) %
Media Advertising			
Advg seen on TV/Regular Advertising	55	60	48
Advg heard on the radio	24	23	25
Advg seen in newspaper	21	22	19
Advg seen in a magazine	19	19	18
Advg seen on the Internet	19	22	19
Advg seen on a billboard	10	10	9
Other Communications			
Materials sent by the IRS	71	71	71
Seminars held by IRS/state tax agency	30	28	31
Seminars held by software companies	25	26	24
Something seen in tax prep software	22	27	19
Seminar held by trade/industry groups	22	21	21
News article/story	18	23	16
Non-ad material on Internet	16	19	14

- Reaction to the campaign centered around its information and attention value, being memorable, and compelling Practitioners “to learn more about e-file”.

Post-Wave Reaction To Media Advertising vs. Other Communications

	Total Practitioners	Committed e-file Users	25%+ V-Coders
Reaction To Media Advertising			
BASE: Aware Of e-file Media Advertising	(435) %	(277) %	(168) %
Were informative	73	74	71
Held my attention	60	65	55
Gave me useful information	57	61	54
Were memorable	56	56	54
Were unique	51	56	45
Were entertaining	46	53	38
Led me to try to learn more about e-file	42	41	41
Were boring	37	34	38
Led me to talk to colleagues about e-file	33	27	38
Led me to visit <i>irs.gov</i> /the IRS's website	33	31	32
Led me to use e-file/use it more with my clients	29	36	22
Told me something new	26	22	27
Were confusing	16	12	16
Reaction To Other Communications			
BASE: Aware Of e-file Media Advertising	(489) %	(302) %	(197) %
Were informative	84	84	83
Gave me useful information	72	75	68
Held my attention	58	69	51
Led me to try to learn more about e-file	49	53	46
Were memorable	45	52	39
Told me something new	42	44	39
Led me to talk to colleagues about e-file	42	40	42
Were unique	37	44	30
Led me to use e-file/use it more with my clients	36	48	29
Were boring	36	33	40
Led me to visit <i>irs.gov</i> /the IRS's website	36	40	29
Were entertaining	27	39	19
Were confusing	13	10	15

Message Take-Away

- Practitioners' overall take-away from the campaign was clear – they thought it was designed to “get people to *e-file*” or that “IRS wants everyone to *e-file*”.

Post-Wave Main Message Take-Away From Campaign

BASE: Aware Of e-file Communications	Committed		
	Total Practitioners (624) %	e-file Users (382) %	25%+ V-Coders (257) %
Total With Any Message Playback	97	97	98
To get people to <i>e-file</i>/ IRS wants everyone to <i>e-file</i>	50	49	50
Faster/quicker refunds/returns	18	12	21
Easy/convenient	17	19	17
Faster/quick	11	14	9
More accurate	8	11	6

- Specific message take-away was also strong, with at least half of each segment recalling messages about refund/filing speed, convenience, accuracy/security, eliminating paperwork, and the “60 million” claim.
- 75% of each segment recalled *e-file* benefits specific to Tax Practitioners, while about 70% mentioned the *e-file* name and logo, and one-fourth recalled the about*e-file.com* website.

Post-Wave Total Mentions Of Specific Recall

BASE: Aware Of e-file Communications	Committed		
	Total Practitioners (624) %	e-file Users (382) %	25%+ V-Coders (257) %
Total With Any Mentions	99	98	99
Visual Recall (Net)	86	86	84
The Name "e-file"	69	71	71
The e-file logo	68	73	64
"Refund in Half the Time"	44	45	43
Man preparing return & spills coffee	27	30	25
"48-hour Confirmation"	24	23	26
Woman losing patience	21	23	18
The Slogan "Consider It Done"	20	24	17
Copy Recall (Net)	94	94	94
e-file resulting in faster refunds	85	85	84
e-file being faster way to file	79	80	79
e-file Benefits for Practitioners (Subnet)	75	76	74
e-file eliminates paperwork	58	54	58
e-file being a way of the future	41	42	40
Benefits of e-file for tax preparers	41	45	36
e-file makes life easier	36	37	34
e-file brings in new customers	29	33	25
e-file gives you peace of mind	26	29	23
e-file easy/convenient way to do taxes	68	70	67
e-file being accurate & secure	65	68	63
60 million people e-filed last year	50	49	50
e-file is better/faster/more secure than paper	46	50	41
Receives confirmation within 48 hours	42	40	42
"e-file is the smart way to file"	42	42	41
Ask your tax preparer	37	38	34
e-file in half the time	36	34	38
Long lines at post office	32	33	32
Inaccurate returns	32	32	32
e-file yourself	31	31	28
Recall about e-file.com website	24	24	23

Other Communications Recall Measures

- Among the one-fourth recalling the about-e-file website, over half had visited the site.
- Among those who had visited the site, two-thirds found it “very/somewhat helpful” (more so among the Committed e-file Users than the 25%+ V-Coders).

Helpfulness Of Website Mentioned In Communications

	Total Practitioners	Committed e-file Users	25%+ V-Coders
BASE: Mentioned Website In Recall	(149) %	(91) %	(59) %
Total Visited Website	53	59	51
Did Not Visit Website	47	41	49
<u>If Visited Website...</u>			
BASE: Mentioned Website & Visited It	(77) %	(54) %	(25) %
% Rated Website...			
<u>Very/Somewhat Helpful</u>	65	78	52
Very Helpful	26	39	12
Somewhat Helpful	39	39	40
Not Very Helpful	13	7	18
Not At All Helpful	22	15	30

- Finally for the communications measures, all campaign-aware Practitioners were asked who they thought had sponsored the communications. 80% attributed the communications to IRS, with only 25% or less attributing them to various tax prep services.

Attribution Of Communications To Specific Sponsors

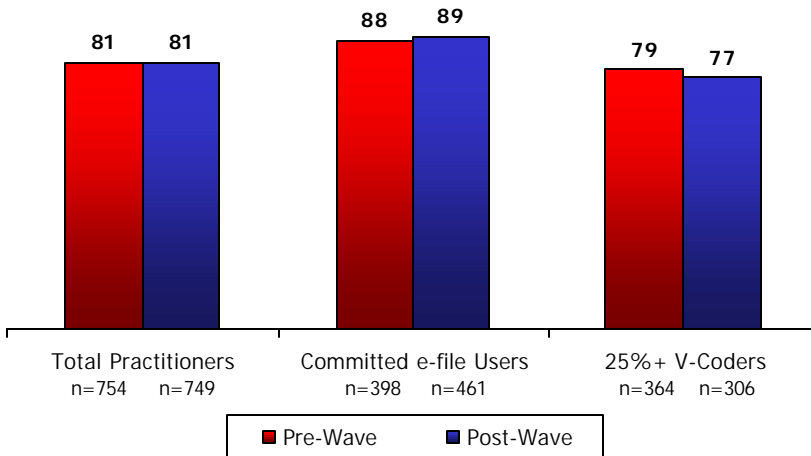
	Total Practitioners	Committed e-file Users	25%+ V-Coders
BASE: Aware Of e-file Communications	(624) %	(382) %	(257) %
<u>Communications Sponsorship Attributed To...</u>			
The IRS	80	80	81
H&R Block	25	28	20
Jackson-Hewitt	15	14	13
Other Tax Prep Services	7	8	5

Impact Of *e-file* Communications On Practitioner Interest In Use Of *e-file*

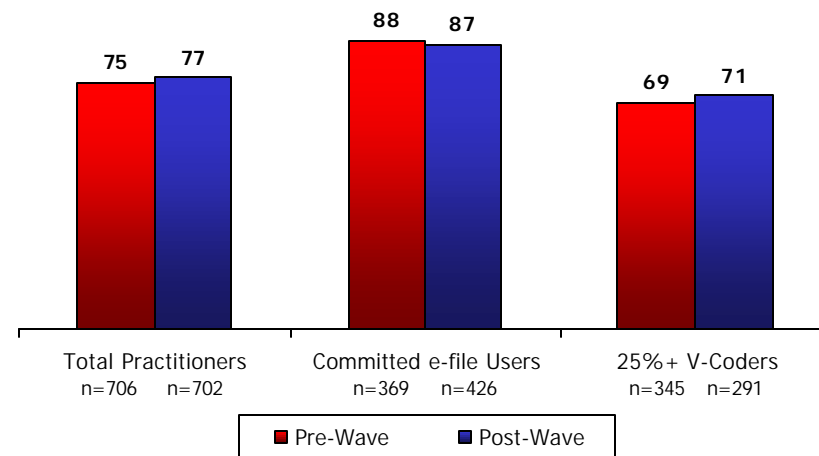
- Looking next at the impact of the *e-file* communications campaign, we compared all Practitioners in the Pre- vs. Post-Wave and found that likelihood of use of *e-file* for Individual filing had not changed.
- However, the in-going numbers were already high and had little room for improvement, with about 8 in 10 already likely to use.

- Likelihood of use of *e-file* for Business returns was also high going into the campaign...
 - At about 90% among Committed *e-file* Users and about 70% among the 25%+ V-Coders.
- So, here too, the in-going numbers were probably too high for substantial gain, except perhaps among the 25%+ V-Coders.

Pre-To-Post Likelihood Of Use Of *e-file* For INDIVIDUAL Returns
(Among All Practitioners) – “Ext/Very Likely To Use”



Pre-To-Post Likelihood Of Use Of *e-file* For BUSINESS Returns
(Among All Practitioners) – “Ext/Very Likely To Use”

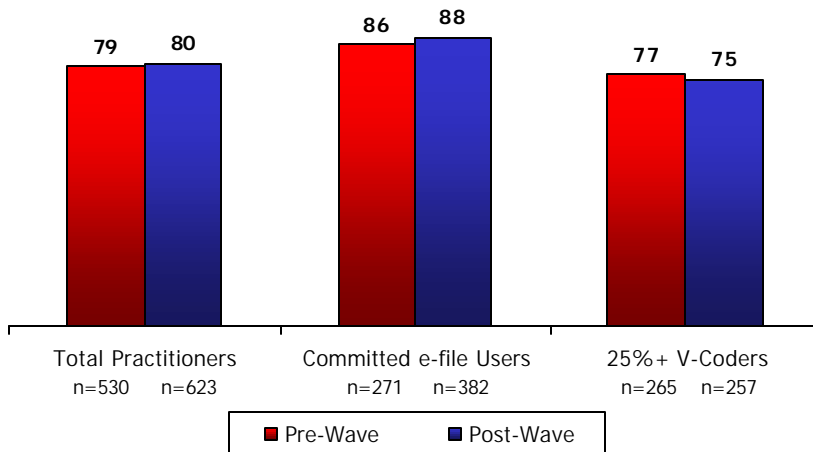


Communications Impact On Practitioner Interest In Use Of *e-file* (Cont'd.)

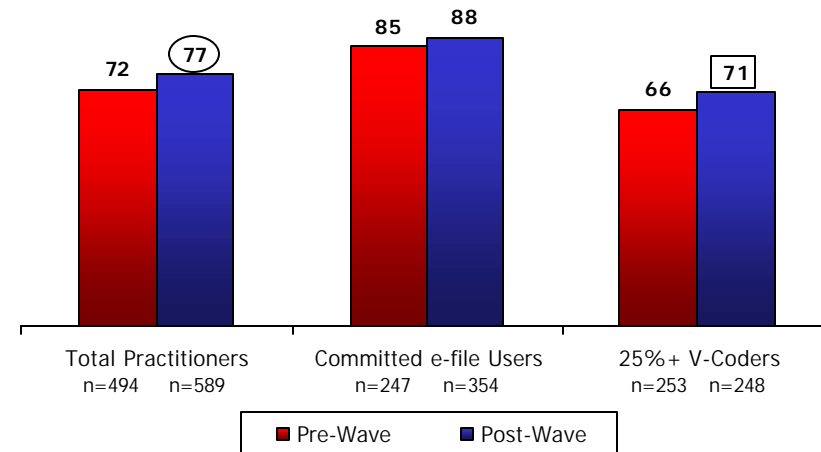
- Another way to look at the impact of communications on interest in use of *e-file* is to measure it only among those aware of *e-file* communications in each wave. This showed that no real change in interest in using *e-file* for Individual returns.

- However, it did show a significant increase in interest in use for Business returns...
- With the increased interest in use for Business coming from both segments – but more so from the 25%+ V-Coders.

Pre-To-Post Likelihood Of Use Of *e-file*
For INDIVIDUAL Returns
(Among Communications Aware)



Pre-To-Post Likelihood Of Use Of *e-file*
For BUSINESS Returns
(Among Communications Aware)



Communications Impact On *e-file* Brand Image

- To see the impact of communications on Practitioner attitudes toward *e-file*, we compared their ratings of *e-file* attributes before and after the campaign.
- This showed one clear change overall – a significant decrease in the proportion of Practitioners who believe that “mailing in a return is still safer, more reliable”.
- This drop in belief in the security and reliability of paper filing came mainly from the 25%+ V-Coder segment, who also had directionally higher belief after the campaign in the refund speed of *e-file*.
- On the other hand, these comparative ratings showed two *e-file* attributes with declining belief among the Committed *e-file* Users – “an accurate way to file” and “an inexpensive way to file”. Not having taken the same ratings among Practitioners before the Pre-Wave, we do not know whether these are short-term image declines or part of some longer-term product/image problem.

**Image Of *e-file* And Tax Filing –
 In Total From Wave To Wave**
 (Note – Top-Box Ratings, % Agree Completely)

	Total Practitioners		Committed <i>e-file</i> Users		25%+ V-Coders	
	Pre-Wave (754)	Post-Wave (750)	Pre-Wave (398)	Post-Wave (461)	Pre-Wave (364)	Post-Wave (306)
	%	%	%	%	%	%
BASE: Total Respondents						
<i>e-file</i> is a faster way to get return to IRS	87	84	97	94	81	78
<i>e-file</i> is a faster way to get a refund	81	84	96	94	73	78
<i>e-file</i> provides proof of receipt	75	77	90	87	67	71
<i>e-file</i> is an accurate way to file	73	70	91	86	62	59
<i>e-file</i> is a better way to file	60	62	88	85	43	43
<i>e-file</i> is a private and secure way to file	56	57	76	74	46	44
<i>e-file</i> is easy to use, with little hassle	48	47	72	67	32	32
<i>e-file</i> is an inexpensive way to file	48	46	68	62	35	35
IRS becoming friendlier, more helpful	28	29	31	31	27	27
<i>e-file</i> changes the way you look at the IRS	15	15	22	18	9	11
Used to using paper, no reason to change	14	12	2	2	21	17
Mailing return still safer, more reliable	13	5	6	3	17	7

Communications Impact On Perceptions Of e-file Benefits

- Another way to see the impact of the campaign on Practitioner attitudes toward e-file is to compare Pre/Post voluntary responses to the question of "what do you think are the benefits of e-file?"
- This showed that, after the campaign, the main impression of e-file among Total Practitioners was still that it's fast. However, there were stronger impressions after the campaign of e-file's ease of use and weaker perceptions of its accuracy (confirming what we just saw in the attribute ratings).
- Comparing the two segments in the Post-Wave, we can see how different they are at this point in terms of the development of e-file image, with the 25%+ V-Coder target having...
 - Somewhat weaker impressions of e-file's speed (especially speed in submission of return and speed in receipt)...
 - But far weaker impressions of its ease of use (especially "ease" for the Practitioner), its accuracy, its being paperless, and the idea that clients like it.

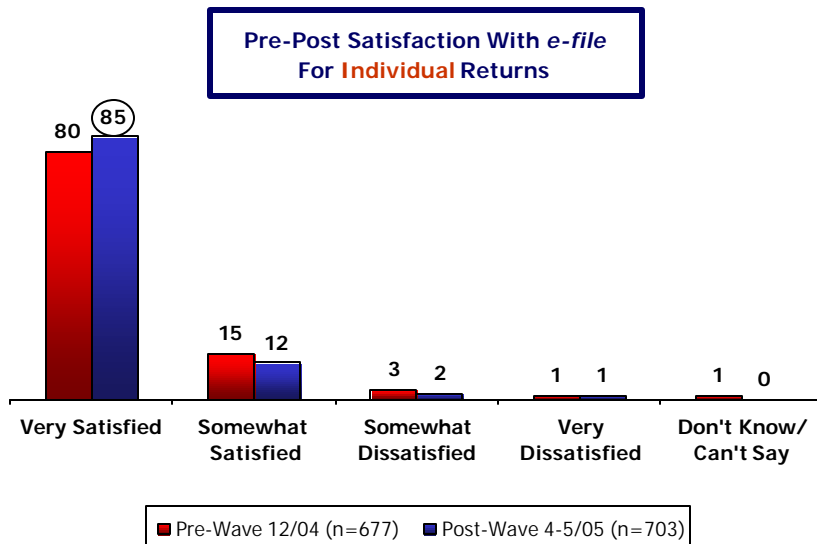
Perceived Benefits Of e-file

	Pre-Wave Total (754) %	Post-Wave Total (750) %	Post-Wave Committed e-file Users (461) %	Post-Wave 25%+ V-Coders (306) %
BASE: Total Respondents				
<u>Leading Benefits Of e-file</u>				
<u>Speed/Faster (Net)</u>	<u>76</u>	<u>75</u>	<u>80</u>	<u>72</u>
Speed In Refund	48	45	43	48
Speed In Submission Of Return	40	34	41	31
Speed Of Ack'd Receipt Of Return	35	37	46	29
<u>Ease Of Use (Net)</u>	<u>34</u>	<u>41</u>	<u>54</u>	<u>32</u>
It's Easier For Me/The Preparer	15	21	29	15
It's Easier For The Client	9	9	14	6
Less Paperwork	9	14	14	15
<u>Accuracy (Net)</u>	<u>40</u>	<u>35</u>	<u>44</u>	<u>28</u>
It's a More Accurate Way To File	33	27	36	20
Not As Many Errors	12	11	16	9
<u>Paperless Filing Using A PIN</u>	<u>14</u>	<u>14</u>	<u>18</u>	<u>12</u>
<u>Clients Like It</u>	<u>8</u>	<u>7</u>	<u>12</u>	<u>4</u>

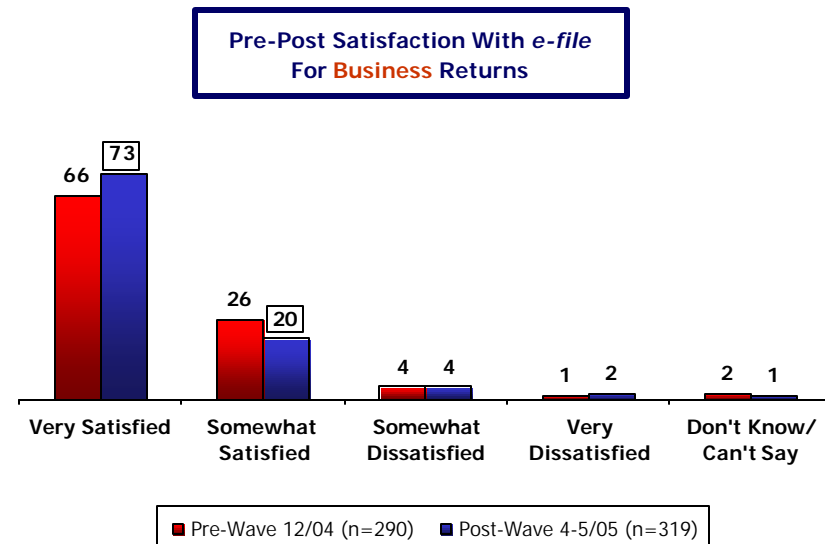
**Practitioner Satisfaction
With And Reasons For
Lack Of Use Of *e-file***

Practitioner Satisfaction With *e-file*

- We have measured Practitioner satisfaction with *e-file* in the past, but never on a comparable basis to this year.
- So, to see current satisfaction as well as trends, we looked at ratings in the December Pre-Wave vs. the April/May Post-Wave, and found a significant increase in satisfaction with *e-file* for Individual Returns over the period – with 85% of Practitioners now “very satisfied”.



- While the base sizes for measuring Practitioner satisfaction with *e-file* for Business Returns were smaller, we still found at least directionally higher satisfaction in the Spring Post-Wave – with 73% now “very satisfied” with Business *e-file*.
- Keep in mind that satisfaction here is measured with Business products *in general* and not with any specific return or form.



Practitioner Satisfaction With *e-file* (Cont'd.)

- Looking at the current (April-May 2005) levels of satisfaction among the two segments, we see that satisfaction with *e-file* for Individual Returns was higher, naturally, among the heavier-use Committed *e-file* group than among the 25%+ V-Coders.
- However, it is clear from this that the 25%+ V-Coders are also generally satisfied with *e-file* for Individual Returns (94% very/somewhat satisfied) – so their lack of use does not appear to be related to problems with the product.

Level Of Use & Satisfaction With *e-file* For Individual Returns By Segment – 2005 Post-Wave

	Total Practitioners	Committed <i>e-file</i> Users	25%+ V-Coders	
BASE: Use <i>e-file</i> For Individual Returns	(703)	(461)	(264)	
	%	%	%	
<u>Avg. % Of Individual Returns That Were <i>e-filed</i> In 2005</u>	52%	94%	18%	
<u>Satisfaction Rating:</u>				
Very Satisfied	85	89	78	} 94%
Somewhat Satisfied	12	10	16	
Not Very Satisfied	2	1	4	
Not At All Satisfied	1	0	2	
Don't Know/Can't Say	0	0	0	

- We found a similar pattern for *e-file* for Business Returns, with satisfaction higher among heavier-use Committed *e-file* Users...
- But with the vast majority of 25%+ V-Coders (88%) also very/somewhat satisfied.
- Which again would indicate that lack of use is not due to a problem with the Business products – but due more to other factors and we'll look at those next.

Level Of Use & Satisfaction By Segment – 2005 Post-Wave

	Total Practitioners	Committed <i>e-file</i> Users	25%+ V-Coders	
BASE: Use <i>e-file</i> For Business Returns	(319)	(240)	(89)	
	%	%	%	
<u>Avg. % Of Business Returns That Were <i>e-filed</i> In 2005</u>	20%	39%	5%	
<u>Satisfaction Rating:</u>				
Very Satisfied	73	76	61	} 88%
Somewhat Satisfied	20	19	27	
Not Very Satisfied	4	2	9	
Not At All Satisfied	2	1	3	
Don't Know/Can't Say	1	2	0	

Reasons For Not Using e-file More

- Any Practitioner using e-file for less than 75% of Individual filings (i.e., V-Coders) was asked why they don't use it/use it more for Individual Returns. The top reason, by far, was "clients don't want it/don't ask for it".
 - However, this response seems inflated – given that we know from past studies that Practitioners have high influence in the Taxpayer's filing method choice and that when probed (as in PBI-1), V-Coders will put the ease/familiarity/less work of paper filing about as high as lack of demand as reasons for non-use. We'll look at the Practitioner Business Impact Study results for a more in-depth analysis of this issue.
- Any Practitioner using e-file for less than 75% of Business filings (i.e., both segments) was asked why they don't use it/use it more for Business Returns. The top reasons here related to lack of demand (especially among 25%+ V-Coders), not having the right software (especially among Committed Individual e-file Users), not knowing enough about it, the costs, and perceived greater difficulty/time/work (especially among 25%+ V-Coders).

Why Not Use e-file More For Individual Returns

	25%+ V-Coders (284) %
BASE: Use e-file For Less Than 75% Of Individual Returns	
Clients Don't Want It/Don't Ask For It (Net)	54
My clients don't ask for it/don't want it	50
Balance due clients have no interest in it	10
It Costs Too Much (Net)	15
Too Difficult/Time Consuming/Adds To Workload (Net)	14
Don't Know Enough About It Yet (Net)	11
Don't Have The Computer HW/SW Capability (Net)	9
Lack Of Confidence In e-file (Net)	8

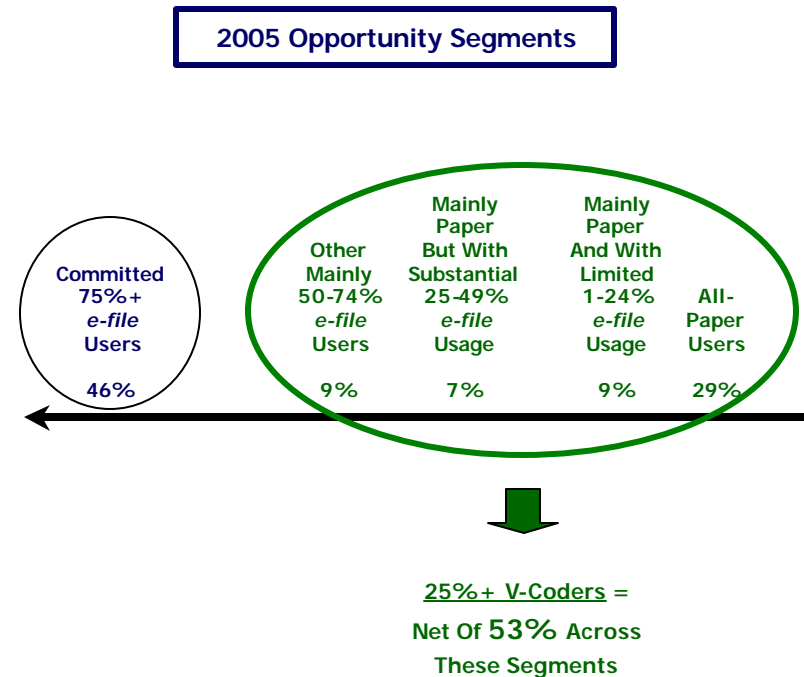
Why Not Use e-file More For Business Returns

	Total Practitioners (546) %	Committed e-file Users (275) %	25%+ V-Coders (281) %
BASE: Use e-file Less Than 75% Of Business Returns			
Clients Don't Want It/Don't Ask For It (Net)	28	17	35
My clients don't ask for it/don't want it	24	12	32
Balance due clients have no interest in it	5	4	6
Business clients want a paper return to feel/touch	4	3	5
Don't Have The Computer HW/SW Capability (Net)	20	28	13
Don't have the right computer software	14	21	9
Don't Know Enough About It Yet	16	14	17
It Costs Too Much (Net)	14	11	16
Too Difficult/Time-Consuming/Adds To Workload	12	8	14
Not Appropriate For Bus Returns/Too Complicated	9	12	7

Profiling Practitioners

The 2005 Profile Of 100+ Return Practitioners

- As noted at the outset, another objective of this research was to continue the Practitioner profiling that was a part of the Practitioner Tracking Study in the past.
- In the remaining analyses, we will examine the 2005 profile of 100+ Return Practitioners.
- With the overall profile of Total Practitioners largely unchanged from what we saw last year, we will focus here about equally on the new Practitioner target – the 25%+ V-Coders, and compare them to the other major Practitioner segment, Committed *e-file* Users.
- The 25% V-Coder target, remember, accounts for **53%** of all Practitioners. This segment is also the focus of the 2005 Practitioner Business Impact Study (“PBI-2”). There we will dig deeper into the business practices and business needs of this segment to see what IRS can do to initiate or increase *e-file* usage among them.



46% "Committed *e-file* Users" + 53% "25%+ V-Coders" = 99%. The balance (1%) are Practitioners in neither category – they are small-based and not included in the sub-group analysis.

Practitioners' Personal & Professional Characteristics

- The first series of profiling measures cover the personal and professional characteristics of 100+ Return Practitioners. In total (and as we've found in the past), these Practitioners...
 - Tend to be around/over age 50, on average.
 - They skew male.
 - They have mostly full-time involvement in tax preparation, with over 20 years of tax prep experience.
 - They trained in tax preparation work through tax prep courses, through CPA/accountant training, and by learning from other tax professionals.
 - About two-thirds belong to some professional organization – with top mentions being state groups (33%) and AICPA (24%).
- The new target, 25%+ V-Coders, differ from Committed e-file Users mainly in that they...
 - Are somewhat less likely to be involved in tax prep work full-time – probably because they include more accountants/CPAs.
 - And they tend to have been in tax preparation work longer.

Personal & Professional Characteristics Of Practitioners

	2005 Total (750) %	Committed e-file Users (461) %	25%+ V-Coders (306) %
BASE: Total Practitioners			
Average Age (Mean)	54	53	55
Gender: Male	61	60	62
Female	39	40	38
Involvement In Tax Preparation			
Full-Time/One Of My Occupations	82	87	79
Something I Do Only During Tax Season	18	13	21
Primary Focus Of Work Is:			
Tax Preparation	40	43	37
Accountant/CPA	48	44	52
Average # Years In Tax Prep Work	26	24	27
How Trained In Tax Preparation			
Took Courses In Tax Preparation	68	71	64
Trained As CPA/Accountant	53	50	56
Learned From Another Tax Professional	45	47	45
Total Belong To Any Organization	62	65	59
State Associations Or Groups	33	33	33
AICPA	24	23	25
NATP (National Assn Of Tax Practrs.)	14	15	13
NAEA (National Assn Of Enrolled Agents)	8	11	4
NSA (National Society Of Accountants)	6	6	5

Characteristics Of Firms & Tax Preparation

- About one-third or more of Practitioners work in a firm...
 - With the 25%+ V-Coder segment tending to work in older, somewhat smaller firms, which do fewer tax returns and have less of a focus on tax preparation.

Characteristics Of Their Firms (If Work In A Firm)

	2005 Total	Committed <i>e-file</i> Users	25%+ V-Coders
BASE: Total Practitioners	(750)	(461)	(306)
	%	%	%
<u>% Work In A Firm</u>	37	37	38
(New Base: Total Work In A Firm)	(290)	(172)	(125)
Median # Active Preparers At All Locations	4	4	3
Median # Returns (All Preprs/All Locations)	750	800	700
Avg. % Of Preparers In Firm Focused On Individual Returns	63	66	58
Tax Prep Is The Primary Svc Of Firm	55	60	51
Avg. # Years Firm Has Been In Business	29	27	31

- These Practitioners personally prepare about 300 returns a year – mainly Individual Returns, with Spanish-speaking clients accounting for about 8% of their client base.
 - There were no significant differences between the 25%+ V-Coders and Committed *e-file* Users on these measures.

Volume & Types Of Returns Prepared

	2005 Total	Committed <i>e-file</i> Users	25%+ V-Coders
BASE: Total Respondents	(461)	(141)	(148)
	%	%	%
<u># Returns Personally Prepared ('05)</u>			
100-199	20	22	18
200-299	26	27	23
300 or More	55	51	59
Median # Returns From Each Practr.	310	305	320
<u>Share Of Total Returns That Were...</u>			
Business Returns	23	20	24
Individual Returns	77	80	76
<u>Avg % Of Spanish-Speaking Clients</u>	8	6	7

e-file-Related Issues

- In terms of usage of *e-file*, Practitioners in the 100+ Return range...
 - *e-file* about half of their Individual Returns and V-Code virtually all of the rest. But they skew heavily toward V-Coding when it comes to Business Returns.
 - Among those not using *e-file* in 2005, there was substantial lapsed usage of *e-file* for Individual Returns (30%); less so for Business Returns (7%).
 - In 86% of the cases, it's the Practitioner represented here who is making his/her own decisions to *e-file* or not, and not being an Authorized *e-file* Providers doesn't seem to be a barrier to usage.

- Aside from natural differences in usage of *e-file*, the 25%+ V-Coders differ from Committed *e-file* Users on these measures in that they are far less likely to be an Authorized *e-file* Provider (though 68% say they are), and are far less likely to do Fed-State *e-filing* or *e-file* EITC returns.

e-file Usage Measures

	2005 Total (750) %	Committed <i>e-file</i> Users (461) %	25%+ V-Coders (306) %
BASE: Total Respondents			
<u>Usage Of e-file</u>			
(New Base: Total Filed Individual Returns)	(749)	(461)	(306)
Share Of Ind. Returns <i>e-filed</i>	52	94	18
Share Of Ind. Returns V-Coded	46	6	81
 (New Base: Total Filed Business Returns)			
Share Of Business Returns <i>e-filed</i>	20	39	5
Share Of Business Returns V-Coded	77	61	93
 <u>Among Those Not Using e-file In 2005...</u>			
% Who Had <i>e-filed</i> Individ. Returns Before	30	0	33
% Who Had <i>e-file</i> Bus. Returns Before	7	6	8
 <u>e-file Decision-Making</u> (Top Mentions)			
Decision To <i>e-file</i> Made By Resp Prac'ner	86	86	87
Decision Made By Firm's Owner/Manager	9	11	8
Decision Made By HQ Management	2	1	1
 <u>% Who Are Authorized e-file Providers</u>			
	79	98	68
 <u>% Do Fed-State e-filing</u> (States w/IncTax)			
	86	92	79
 <u>% Of Those Filing EITC Returns Who e-file Them</u>			
	46	83	16

Communicating With Practitioners

- Looking at ways to communicate with both segments of Practitioners...

- The website, irs.gov, is clearly a prime channel (with Practitioners averaging 12 visits a month).
- Another channel is the Tax Forum (with 8 in 10 aware of the forums and about half of those having attended).

Communicating With Practitioners

	2005 Total (750) %	Committed e-file Users (461) %	25%+ V-Coders (306) %
BASE: Total Respondents			
% Aware Of Nationwide Tax Forums	81	82	80
> Among Aware, % Ever Attended	45	48	42
% With Access To Internet At Work	95	100	95
% Who Ever Visited irs.gov (New Base: Total Ever Visited irs.gov)	95 (722)	97 (447)	96 (295)
Avg. # Times/Month Visit irs.gov	12	13	10
% Rate irs.gov Exc/Very Good In Meeting Info Needs	59	62	56
Easier/faster navigation/search	6	7	5
Improve search engine	8	8	8
Easier to find specific things/too many choices when searching	6	6	7

- The importance of irs.gov is confirmed in responses to where they would go for e-file information, and in mentions of how the IRS should send them emergency information – though on the latter measure, e-mail and direct mail were generally more important (with the 25%+ V-Coders less inclined toward e-mail).

Communicating With Practitioners

	2005 Total (750) %	Committed e-file Users (461) %	25%+ V-Coders (306) %
BASE: Total Respondents			
<u>If They Needed e-file Info, Where Would They Go?</u>			
To irs.gov/IRS Website	76	80	76
To Software Provider	15	14	16
To A Book	6	6	6
<u>How Should The IRS Send Them Emergency Communications?</u>			
Via e-mail	66	76	61
Via Direct Mail	57	50	61
Via irs.gov/The Website	46	50	43
Via Fax	29	30	29
Via Website Of Trade Organization	21	23	19
Advertising	19	18	19
Telephone	17	17	17
Via Firm's Intranet/Bulletin Board	12	13	12
My Firm's Website	10	11	9

Practitioners & e-Services

- Finally, we looked awareness, use, and interest in e-Services and found that awareness of the program has reached 69%, with 51% of all Practitioners saying they've used e-Services – and with high satisfaction among those who have used and high interest among those who have not used the program.
- Looking at just the 25%+ V-Coders, we see that they are...
 - Less likely (than Committed e-file Users) to be aware of e-Services.
 - And less likely to have used any specific e-Service.
 - However, among those who have used one of the services, satisfaction is as high as among Committed e-file Users with usage of e-Services.
 - And, among those who have not yet used e-Services, interest in use tends to be about as high as we found among Committed e-file Users.
 - So, it appears that there is an opportunity here to talk to the 25%+ V-Coder group about e-Services and to increase their awareness of the program.

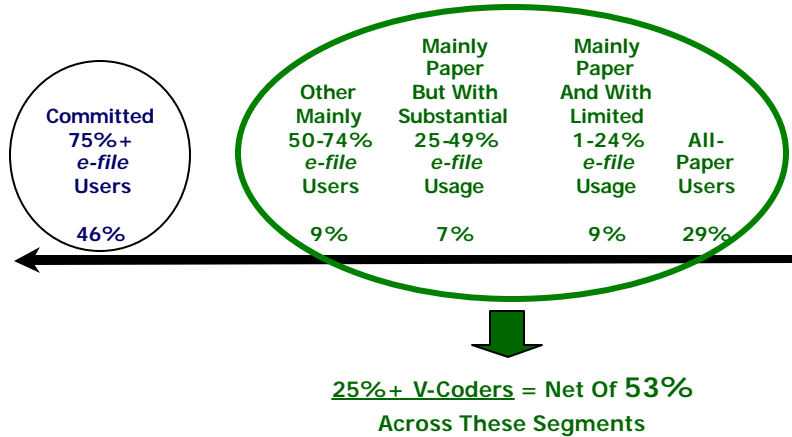
Awareness & Reaction To IRS's e-Services Program

	2005 Total (750) %	Committed e-file Users (461) %	25%+ V-Coders (306) %
BASE: Total Respondents			
<u>% Aware Of e-Services As Described In Survey</u>	69	75	65
<u>% Use e-Services</u> (Re-Based To Total Interviews)	51	61	43
% Use Taxpayer ID # (TIN)	17	24	12
% Use PTIN Application	20	23	16
% Use Registration	21	30	14
% Use e-file application	11	18	7
% Use Transcript Delivery System	9	16	4
% Use Disclosure Authorization	9	15	3
% Use Electronic Account Resolution	8	15	3
(New Base: Total Use e-services)	(302)	(211)	(99)
% Very/SW Satisfied w/e-Svcs.	89	89	91
% Consider e-Svcs. Very/SW Imp.	87	88	85
(New Base: Total Do Not Use e-services)	(448)	(250)	(207)
% Very/SW Interested In Using It	77	82	78
<u>Interest In Using Specific e-Services</u> (New Base: Total Not Using e-svs But Interested)	(404)	(226)	(189)
Electronic Account Resolution	60	71	52
Taxpayer ID # (TIN)	57	62	55
Transcript Delivery System	57	65	51
Disclosure Authorization	50	50	48
Registration	47	46	48
PTIN Application	32	35	31
e-file application	36	27	41

Key Findings

Key Findings From The 2005 Practitioner Tracking Study

First, we sized the new 25%+ V-Coder target segment at 53%, and compared this group to Committed *e-file* Users – who have increased since 2004 – from 38% to 46% of all Practitioners.



When we profiled Practitioners, we found that the 25%+ V-Coder target differ from Committed e-file Users in several respects, which should be considered when marketing to this segment:

- In profile, they differ mainly in that they are more likely to be accountants/CPAs in older, smaller firms – firms with less tax-prep focus.
- But when it comes to e-file, they have awareness/perception gaps (vs. Committed Users) which should be addressed – e.g., while they know about the speed of *e-file*, they do not know about/believe in its ease of use and accuracy. And this does appear to be an awareness/perception issue and not a product issue – for when we looked at those who have used e-file, we found that they are generally satisfied with it (78% “very satisfied” with Individual *e-file* vs. 89% among Committed Users).
- One other awareness gap is that 1/3rd of them are not even aware of e-Services and less than half have ever used it. But they are interested in using it and need to be reminded of its availability to them.

Those 83-84% of Practitioners aware of the e-file campaign...

- Attributed it mainly to IRS Materials and TV Advertising.
- Described the campaign as informative, attention-getting, memorable, and leading them to learn more about e-file.
- And took away from it that *e-file* is fast, convenient, accurate, secure, benefits Tax Practitioners, and that “60 million” people use it.

In terms of overall impact, we found that the campaign...

- Increased interest in using e-file for Business Returns.
- And among V-Coders specifically, increased perceptions of e-file’s speed and lowered belief in the safety/reliability of mailed returns.

Turning to the 2005 e-file Communications campaign, we found a significant jump in awareness of e-file communications after the campaign up to 83-84% in all segments, with 6 in 10 Practitioners claiming they took action as a result of the communications.

	Total Practitioners (624) %	Committed e-file Users (382) %	25%+ V-Coders (257) %
BASE: Aware Of e-file Communications			
% Took Action As Result Of Campaign	59	59	59
What Action Did They Take?			
Discussed e-file with clients	40	43	39
Discussed e-file with friends/colleagues	29	27	29
Visited irs.gov	23	28	19
Started/increased use of e-file	9	9	9