Findings From The e-Services Customer Satisfaction Study

Prepared for:

Internal Revenue Service

Department of the Treasury

July 2, 2007

IRS

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Introduction

Research Background, Purpose, Method, Scope & Timing

- **e-Services is a suite of 7 web-based services...**
  - Registration for e-Services
  - PTIN Application
  - Online e-file Application
  - Disclosure Authorization (DA)
  - Electronic Account Resolution (EAR)
  - Transcript Delivery System (TDS)
  - Taxpayer Identification Number (TIN) Matching

  > FOR MORE DETAIL ON EACH SERVICE, SEE APPENDIX.

- **These services allow IRS-approved business partners (tax professionals and taxpayers/their agents – but not the general public) to conduct business with the IRS electronically 24/7 via the Internet.**

- **IRS intends to track customer satisfaction with the e-Services program and asked Russell to review all past e-Services research to determine if benchmarks exist for tracking. There were no true benchmarks among the tightly-focused e-Services studies conducted previously, so a new e-Services Customer Satisfaction Tracking Study was authorized – with results of the baseline wave of the study reported here.**

- **The purpose of this study was to benchmark User satisfaction with, attitudes toward, and concerns about e-Services as well as Non-User reasons for non-usage and interest in e-Services.**

- **The study was conducted by telephone April 16—May 31, 2007, among 1,897 respondents drawn from lists provided by the IRS and allocated across the following key analytical groups:**
  - 502 Heavy Users Of e-Services – Registered, active, Users who file returns & have requested 500+ TDS, 100+ EAR, or 250+ DA.
  - 500 Medium-Level Users – Registered, active, file returns & have requested incentive products – but <500 TDS, <100 EAR, <250 DA.
  - 402 Low-Level/Light Users – Registered Users whose passwords have expired, but who have e-filed returns in the past.
  - 493 Eligible Non-Users. Converted from retired ADB database and have e-filed 5+ returns but have NOT registered for e-services.

  > - Whenever the 3 **User** groups are shown in "Total" in the report, they have been weighted to their real-world proportions of Total Users (i.e., 6% Heavy, 87% Medium, and 7% Low-Level/Light Users), leaving the "Total" data largely a reflection of Medium User data. See the detail on this weighting in the Appendix.
  >
  > - And, whenever any of the groups (Users or Non-Users) are compared, any statistically significant differences between them (at the 95% confidence level) are noted with a circle around the higher figure or a box around the lower figure.

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Detailed Findings
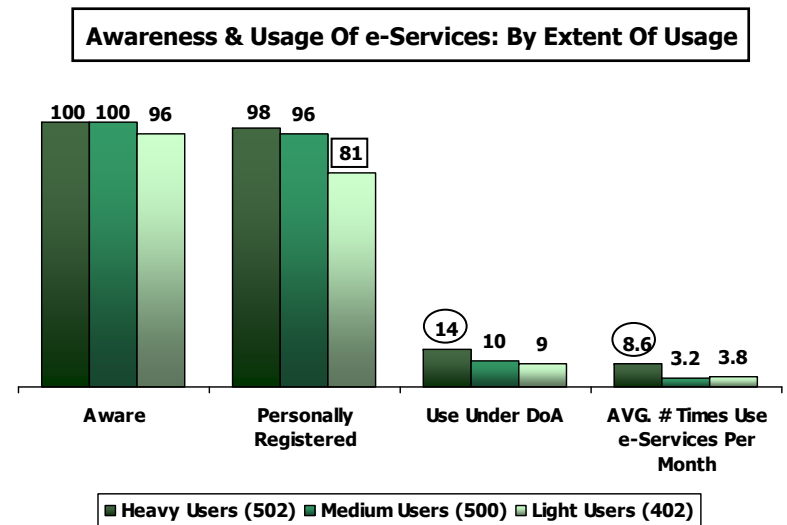
Findings Among e-Services
Users

Awareness & Usage Of e-Services

- **First, among Total Users: as expected, virtually all were <u>aware</u> of e-Services coming into the survey...**

- **With 95% saying they are <u>personally registered</u>...**

- **Though with 10% <u>using under the Delegation of Authority (DoA) feature</u> – with some obvious overlap in usage via registration and DoA.**

- **The <u>average number of usage of e-Services per month is 3.6</u>, or almost once a week.**
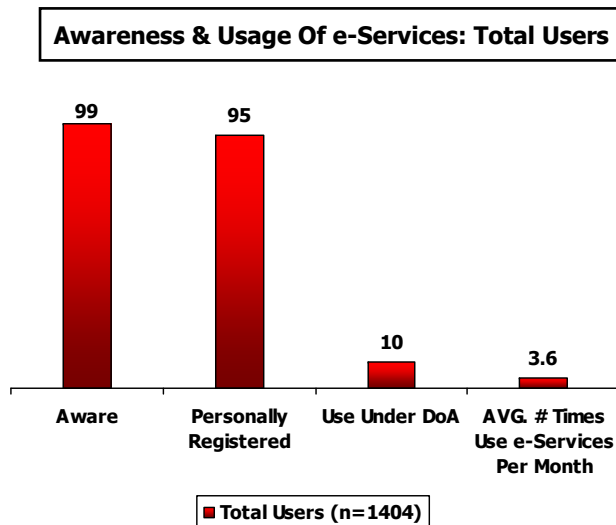
- **Comparing the 3 usage segments, we see that <u>the heavier the usage, the more likely</u> a User is to acknowledge awareness of e-Services and be personally registered to use it – with Heavy Users also more likely to be using under DoA.**

  - **<u>Light Users</u> include 81% registered and 9% using under DoA, so a small sub-set of them do not acknowledge any use.**

- **The <u>average number of times used per month</u> is, naturally, far higher among Heavy Users (at over twice a week) than it is among Mediums/Lights.**

Awareness & Usage Of e-Services: Total Users

	Aware	Personally Registered	Use Under DoA	AVG. # Times Use e-Services Per Month
Total Users (n=1404)	99	95	10	3.6

Awareness & Usage Of e-Services: By Extent Of Usage

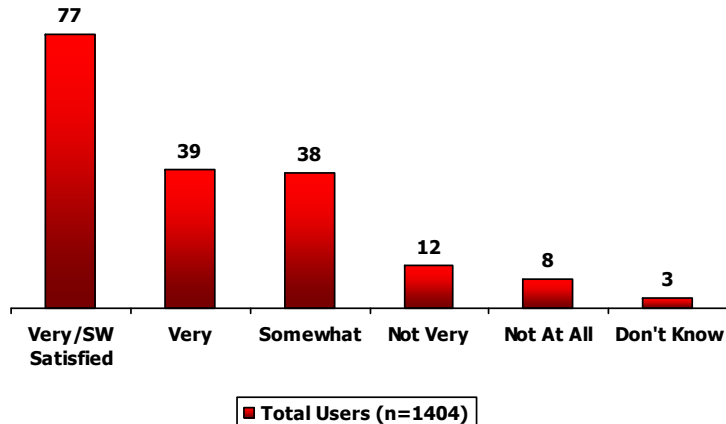|	Aware	Personally Registered	Use Under DoA	AVG. # Times Use e-Services Per Month
Heavy Users (502)	100	98	14	8.6
Medium Users (500)	100	96	10	3.2
Light Users (402)	96	81	9	3.8

Q1: Prior to today, were you aware of...e-Services?
Q2: Are you personally registered as a user of e-Services?
Q3: ...Do you ever log on under the user status of another firm member?

Q4: On average throughout the year, about how often would you say you access and use e-services at the IRS website? (CONVERTED TO # TIMES/MO.)

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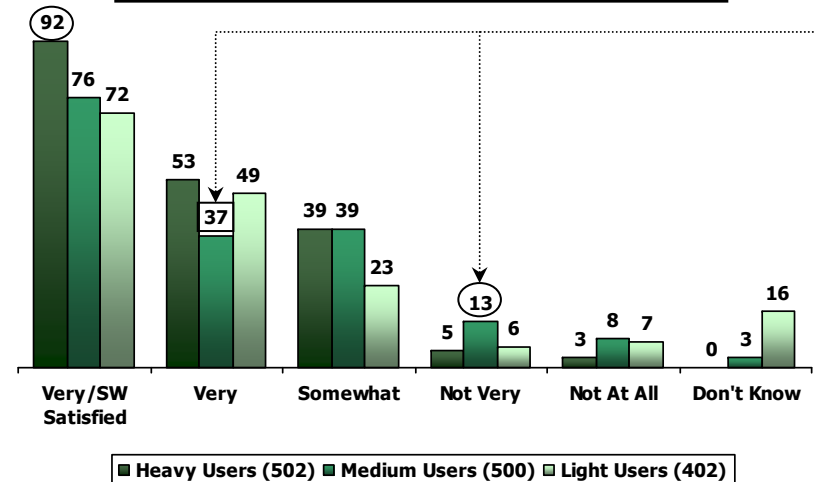# User Satisfaction With e-Services (Overall Program Satisfaction)

- In terms of satisfaction with the e-Services program overall, <u>total satisfaction</u> reaches 77% in the Benchmark – including 39% "very" satisfied and 38% "somewhat" satisfied.

- However, <u>there is substantial dissatisfaction</u> – 20% in total, with 12% "not very" satisfied and 8% "not at all" satisfied. We'll look for specific points of dissatisfaction later in the report.

- <u>Satisfaction with the program is clearly higher among Heavy Users</u> than among the other usage sub-groups, with 92% of Heavy Users satisfied (53% of them "very" satisfied) – vs. only 72% to 76% total satisfaction among the others.

  - It is interesting to note that it is <u>Medium-Level Users</u> who are the <u>least satisfied</u> – not the Light Users (as one might expect). Again, we'll look for what is driving this later.

Satisfaction With e-Services: Total Users

Category	Value
Very/SW Satisfied	77
Very	39
Somewhat	38
Not Very	12
Not At All	8
Don't Know	3

Total Users (n=1404)

Satisfaction With e-Services: By Extent Of Usage

Category	Heavy Users (502)	Medium Users (500)	Light Users (402)
Very/SW Satisfied	92	76	72
Very	53	37	49
Somewhat	39	39	23
Not Very	5	13	6
Not At All	3	8	7
Don't Know	0	3	16

Q5: Thinking about the total e-Services program, including ALL of the specific services that you're familiar with, how satisfied are you with the e-Services program overall?

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Recommendation Intent & Specific Likes Of e-Services Program

- About **9 in 10 Users say they would recommend e-Services to other tax professionals**. Note that intent to recommend is **significantly higher among the Heavy Users** and that intent decreases with lower level Users of e-Services.

- **Still, intent to recommend is higher than satisfaction** in **each** group – which says that, despite some issues with the program overall, an overwhelming number of Users like it enough to refer others to it.
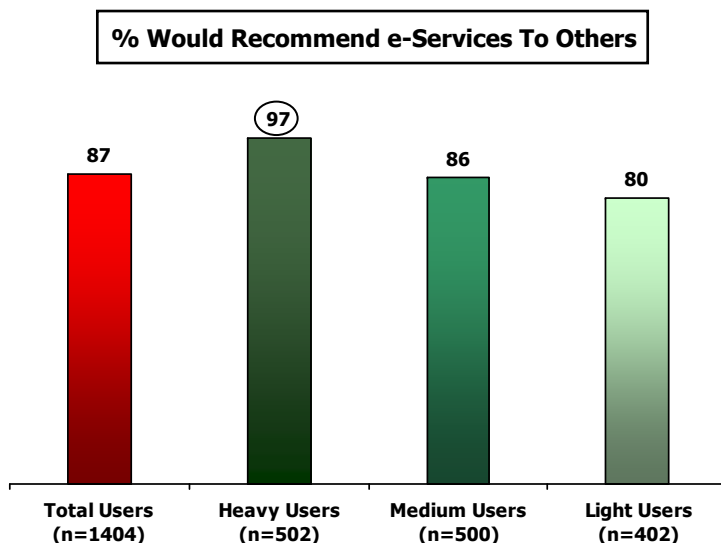
- So, what do Users **like** about e-Services? Voluntary responses to this question showed differences by the usage sub-groups, with…

  - **Heavy Users** more likely to mention **access** and **speed of access to information** via the program.

  - While **Medium Users** talked about **equally** about ease/ convenience and information access/speed.

 - **Light Users** **focused mainly on ease/convenience**.

% Would Recommend e-Services To Others

	Value
Total Users (n=1404)	87
Heavy Users (n=502)	97
Medium Users (n=500)	86
Light Users (n=402)	80

Specific Likes Of e-Services

Total Users	Total Users (1404) %	Heavy Users (502) %	Medium Users (500) %	Light Users (402) %
Ease/Convenience (Net)	**36**	**34**	**36**	**41**
Online availability	6	9	6	3
Not having to make phone calls	6	5	6	6
Accessibility/Easy access	5	4	5	5
Access To Information (Net)	**31**	**44**	**31**	**14**
Access to client information/files	11	13	12	2
Able to get account information	4	8	4	0
Speed Of Info Access (Net)	**30**	**40**	**30**	**28**
Quick to get information/data	12	16	12	5
Fast response/get answers quickly	5	8	5	4
Like Specific Services (Net)	**18**	**31**	**17**	**14**
Power of attorney/can file a POA	7	15	7	1
Transcript delivery system	4	9	4	1

Can e-Services Be Improved? How?

- **When we ask Users in the Benchmark if e-Services can be improved, <u>82% of Heavy Users and 78% of Medium Users say it can be</u>.**

- **Meanwhile, <u>only 47%</u> of <u>Light Users</u> say the program can be improved – but this seems to be <u>less a result of satisfaction with the program</u> and <u>more a result of the Light Users having a lower level of program involvement</u> than the other sub-groups. We see this in their lack of suggestions in the table to the right AND in their lower use of several specific services later.**

% Saying e-Services Can Be Improved

Total Users (n=1404)	Heavy Users (n=502)	Medium Users (n=500)	Light Users (n=402)
76	82	78	47
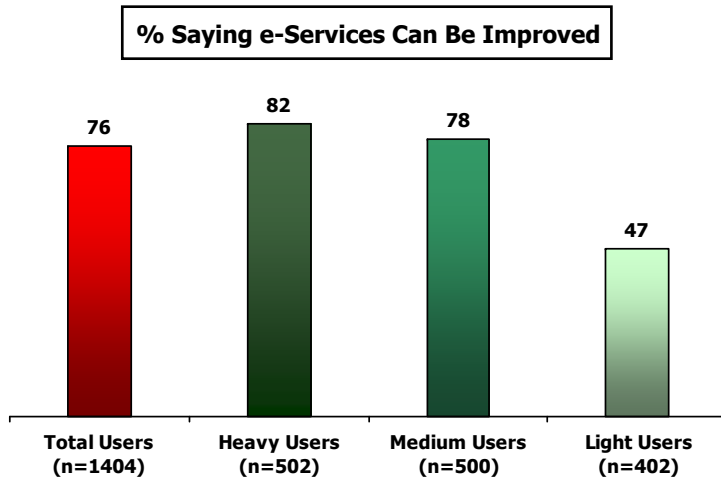
- **<u>Suggestions for improvement</u> fell into 4 broad <u>themes</u>, led by Make It Easier To Use (especially among the least-satisfied Medium Users). <u>Specific suggestions</u> are also rank-ordered below.**

How e-Services Can Be Improved – Re-Based To Total Users

	Total Users (1404) %	Heavy Users (502) %	Medium Users (500) %	Light Users (402) %
Top Themes For Improvement:				
Make It Easier To Use	**32**	**20**	**(34)**	**16**
Improve Specific Services	**16**	**(26)**	**16**	**7**
Provide Easier Access To Info	**13**	**(21)**	**14**	**5**
Improve Speed Of Activity	**10**	**11**	**10**	**4**
Top Specific Suggestions:				
Make it more user friendly	8	4	8	5
Make it easier to sign in/log in	5	3	5	3
Reset password less often	4	2	4	1
<u>Fewer probs. w/PoAs (see examples below)</u>	4	10	4	1
--System should have a list of all my PoAs				
--Some PoAs can't be done online				
--System too rigid, inflexible in acceptance of PoAs				
Make the Power of Attorney easier	3	3	3	0
Fix password problems/issues	3	3	3	2
Make access easier/more accessible	3	1	3	3
Access to client information/transcripts	2	2	3	0
Ability to check client payments	2	2	2	1
Takes too long/too time consuming	2	3	2	1
Provide faster Power of Attorney	2	2	2	0
Can't go back and get info on prior years	1	5	1	0

Total Users*

* SUGGESTIONS HAVE BEEN RE-BASED/RE-PERCENTAGED OFF OF "TOTAL USERS" TO KEEP THE LEVEL OF SUGGESTIONS IN PERSPECTIVE.

Q8: Can the overall e-Services program be improved in any way?

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Q9: In what specific ways should it be improved?.

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Satisfaction With Program Dimensions & Areas Of Probing

- **Ratings of <u>satisfaction with program dimensions</u> show: (1) that <u>satisfaction tends to correlate to extent of usage</u> (i.e., higher among Heavy Users); and (2) <u>that there are five areas of notably low satisfaction</u> (items in red below), with 6 Months Re-Set Of Password having <u>very</u> low satisfaction – especially among the Medium Users.**

% Very/Somewhat Satisfied With Program Dimensions

	Total Users (1404) %	Heavy Users (502) %	Medium Users (500) %	Light Users (402) %
Total Users				
Overall Appearance Of e-Services Site	84	93	84	74
Level Of Security Provided By Site	82	92	83	69
Speed In Transmission Of Data/Forms/Info	82	91	82	73
Availability Of Specific Services You Need	79	91	79	67
Having Type Of Information That You Need	78	93	77	72
Ease Of Understanding Of Content At Site	77	93	76	72
How Long Takes For Response/Acknowledgment	77	90	77	65
On-Screen Instructions At e-Services Site	72	85	72	69
Ease Of Log-In/Identification	71	89	70	65
Ease Of Navigation Of e-Services Site	70	87	69	67
Determining Status Of Actions/Queries	70	87	69	65
How Long It Takes To Find Info Looking For	69	90	68	67
How Long It Takes To Complete An Action	68	83	67	65
Ease Of Getting Started w/e-Services	65	78	65	65
Availability Of Help At e-Services Help Desk	**62**	**73**	**62**	**45**
Ease Of Understanding Error Messages	**55**	**67**	**54**	**50**
Ease Of Understanding Reject Codes	**52**	**58**	**52**	**49**
Tutorials At Site For Different e-Services	**48**	**46**	**48**	**45**
Need To Re-Set Password Every 6 Months	**32**	**42**	**31**	**37**

- **Probing around the <u>6 Month Password Re-Set</u> issue shows that Users want either an <u>annual</u> re-set or <u>no re-set at all</u> – which is <u>similar to what they experience at other websites</u>.**

Probes Re: 6 Months Password Re-Set

	Total Users % (1142) %	Heavy Users % (396) %	Medium Users % (428) %	Light Users % (318) %
Total Less Than Very Satisfied With PW Re-Set Frequency				
Probe For More Suitable Password Re-Set				
Every 6 months	4	7	5	3
Once a year	**30**	**34**	**31**	**25**
Once every 2 years	1	1	1	0
Never	**29**	**28**	**29**	**31**
Remind me when the date is approaching	13	11	13	10
Probe For Avg. Period Of Re-Set At Other Sites				
Once a year	**29**	**31**	**30**	**23**
Every 6 months	8	11	8	7
Never	**29**	**29**	**29**	**32**

- **Probing for <u>other e-Services</u> that Users might want yields only two mentions, shown below.**

Probe For Other e-Services Wanted

	Total Users (809) %	Heavy Users (236) %	Medium Users (315) %	Light Users (258) %
Total Less Than Very Satisfied With Avail. Of Services				
Ability to check on payment history	6	5	7	4
Ability to access prior years' information	3	4	3	1

Q10: I'd like you to tell me how satisfied you are with that aspect of the e-Services program.
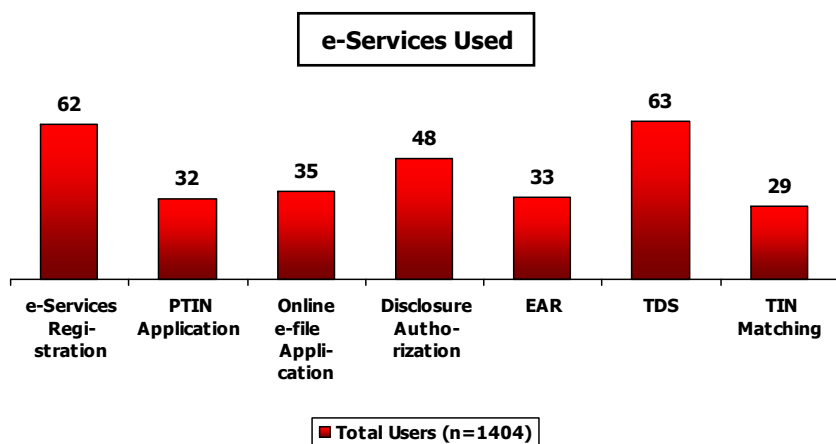
Q11: PROBE on better password re-set frequency + PROBE on typical PW re-set frequency at other sites.

Q!16: PROBE on other e-Services wanted.
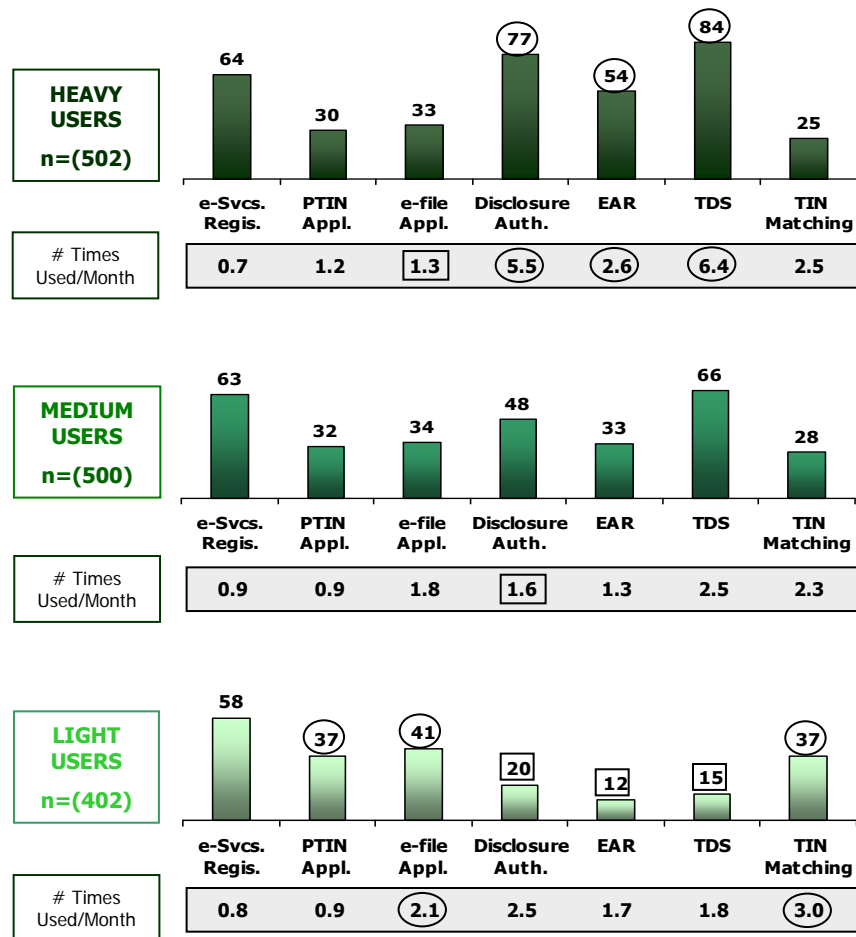
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Specific e-Services Used & Frequency Of Use Of Each

- Next, we asked Users <u>which specific e-Services they use</u>. Aside from Registration (which, surprisingly, only about two-thirds recall using), the top services are Transcript Delivery Service/TDS (63% usage) and Disclosure Authorization/DA (48%).

e-Services Used

Total Users (n=1404)

e-Services Registration	PTIN Application	Online e-file Application	Disclosure Authorization	EAR	TDS	TIN Matching
62	32	35	48	33	63	29

- As shown to the right, <u>Heavy Users have more concentrated usage of DA, EAR and TDS</u>, while <u>Light Users have higher claimed usage of PTIN Application, e-file Application, and TIN Matching</u>. Medium Users are the in-between group in each case.
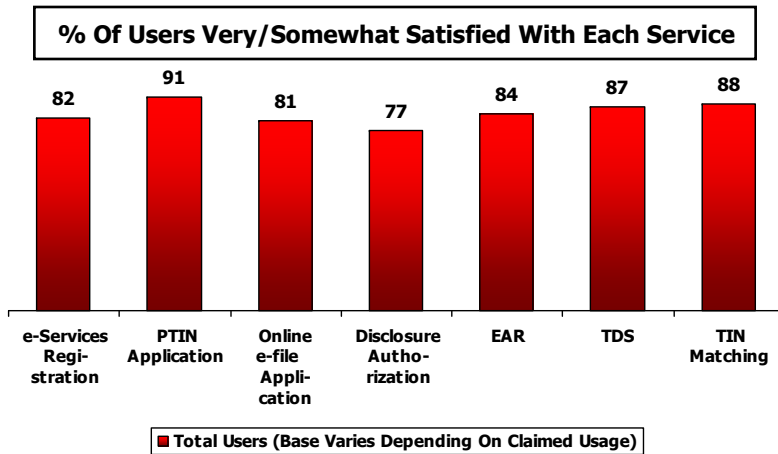
Service Usage & Monthly Frequency Of Use: By Segment

HEAVY USERS n=(502)

	e-Svcs. Regis.	PTIN Appl.	e-file Appl.	Disclosure Auth.	EAR	TDS	TIN Matching
Usage	64	30	33	77	54	84	25
# Times Used/Month	0.7	1.2	1.3	5.5	2.6	6.4	2.5

MEDIUM USERS n=(500)

	e-Svcs. Regis.	PTIN Appl.	e-file Appl.	Disclosure Auth.	EAR	TDS	TIN Matching
Usage	63	32	34	48	33	66	28
# Times Used/Month	0.9	0.9	1.8	1.6	1.3	2.5	2.3

LIGHT USERS n=(402)

	e-Svcs. Regis.	PTIN Appl.	e-file Appl.	Disclosure Auth.	EAR	TDS	TIN Matching
Usage	58	37	41	20	12	15	37
# Times Used/Month	0.8	0.9	2.1	2.5	1.7	1.8	3.0

Q12: Which specific e-Services have you ever used?
Q13: About how often do you use (EACH SERVICE USED)?
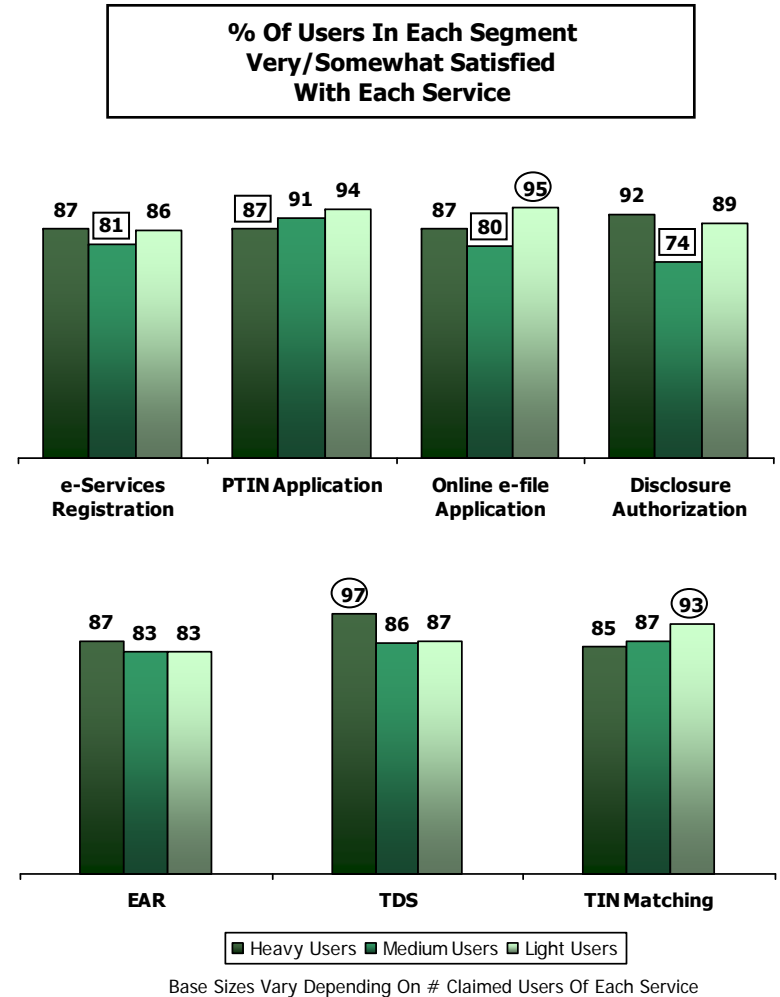
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Satisfaction With Each e-Service

- User **satisfaction with the 7 specific services** ranges from a high of 91% for PTIN Application to a low of 77% for DA, as shown below.

% Of Users Very/Somewhat Satisfied With Each Service

e-Services Registration	PTIN Application	Online e-file Application	Disclosure Authorization	EAR	TDS	TIN Matching
82	91	81	77	84	87	88

■ Total Users (Base Varies Depending On Claimed Usage)

- As shown to the right, the services generate **different levels of satisfaction by User segments**:

  - **Heavy Users** have lower satisfaction with **PTIN Application**, but higher satisfaction with **TDS**.

  - **Medium Users** have lower satisfaction with the **Registration**, **Online e-file Application**, and **Disclosure Authorization** services.

  - While **Light Users** have higher satisfaction with the **Online e-file Application** and **TIN Matching** services.

% Of Users In Each Segment Very/Somewhat Satisfied With Each Service

	e-Services Registration	PTIN Application	Online e-file Application	Disclosure Authorization
Heavy	87	87	87	92
Medium	81	91	80	74
Light	86	94	95	89

	EAR	TDS	TIN Matching
Heavy	87	97	85
Medium	83	86	87
Light	83	87	93

■ Heavy Users ■ Medium Users ■ Light Users

Base Sizes Vary Depending On # Claimed Users Of Each Service

Q14: Based upon your experience in using this service, how satisfied are you with it?

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Points Of Possible Improvement In Each Service

- Users of a service rating themselves less than "very" satisfied with it were asked <u>how the IRS might improve it</u>.

- As before, suggestions are based on (percentaged off of) total Users of each service, rather than total with suggestions, to keep the level of suggestions in perspective. As a result, <u>specific suggestions tend to be low-mention</u>.

- The <u>top suggestions</u> for each service are detailed below and to the right.

Top Points Of Possible Improvement In Each Service

	Total Users %	Heavy Users %	Medium Users %	Light Users %
e-Services Registration: Re-Based To Total Users	(324)	(108)	(140)	(76)
Simplify the process	8	7	8	3
Make it more user friendly	6	4	6	9
Make it easier to sign in/log in	5	0	5	9
Should only have to set password one time	5	2	6	1
Need faster receipt of letter/PIN/password/etc.	3	6	3	3
Process takes too long/speed it up	3	11	3	3
PTIN Application: Re-Based To Total Users	(107)	(44)	(42)	(21)
Simplify this service	7	5	7	0
Make it faster/quicker	6	0	7	0
Had trouble/had problems with it	4	0	5	0
Make it more user friendly	4	0	5	0

Top Points Of Possible Improvement In Each Service – Cont'd.

	Total Users %	Heavy Users %	Medium Users %	Light Users %
e-file Application: Re-Based To Total Users	(136)	(42)	(61)	(33)
Simplify the process/make it easier	6	12	7	0
Make it more user friendly	5	0	5	3
I rarely use it	5	10	5	3
Disclosure Authorization: Re-Based To Total Users	(288)	(133)	(132)	(23)
Make it easier to sign in/log in	10	0	11	0
Can't go back to prior years' information	8	11	8	0
Problems with Power of Attorney	7	14	7	0
Takes too long/too time consuming	5	5	5	0
EAR: Re-Based To Total Users	(185)	(100)	(68)	(17)
Takes too long/too time consuming	7	4	7	6
Didn't respond/got no answers from them	6	7	6	0
Better problem resolution	3	6	3	0
Easier to understand (error messages, reject codes)	3	1	3	0
Need better guidance from the Help Desk	1	12	0	0
TDS: Re-Based To Total Users	(202)	(82)	(102)	(18)
Simplify it/make it easier	9	2	10	6
Make it faster	9	2	10	11
Access to client information/transcripts	8	11	8	6
Make error messages/rejects easier to understand	8	5	8	0
Takes too long/too time consuming	6	5	6	6
Make it more clear/clearer information	5	1	5	0
TIN Matching: Re-Based To Total Users	(123)	(41)	(47)	(35)
Make it easier to sign in/log in	6	2	6	3
Make it easier/simplify it	2	5	2	3
Takes too long	1	5	0	0

Q15: You seem to be less than fully satisfied with the (SERVICE NAME) service at the e-Services site. What specifically would you suggest to the IRS that would improve this particular service?

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Other e-Services User Issues

- **Users who either do not use or who infrequently use Electronic Account Resolution were asked what the IRS might do to stimulate greater usage of this service. Results here indicate that IRS should focus on creating demand for e-Services (combating a perceived lack of need), provide more information, and talk about its ease of use.**

How IRS Can Stimulate Greater Usage Of EAR				
Total Not Using EAR Frequently/Ever	Total Users (1301) %	Heavy Users (427) %	Medium Users (478) %	Light Users (396) %
Lack Of Need (Create Demand)	**31**	**27**	**31**	**35**
There is no need for it	16	15	16	21
Just do not use it	6	6	6	8
I rarely use it/don't use it that much	4	3	4	2
Need More Info About It	**13**	**11**	**13**	**14**
Don't know enough about it	5	6	5	7
Send email reminding it's available	2	1	2	2
More education on the service	2	1	2	3
Not sure how to use it	2	2	2	2
Make It Easier To Use	**12**	**5**	**(12)**	**6**
Make it easier/less cumbersome	3	1	4	1
Make it easier to sign in/log in	2	0	3	2
Make it easier to understand	2	1	2	1
Make it more user friendly	2	1	2	1
No Suggestions/Don't Know	**30**	**34**	**29**	**39**

- **Finally for the Users analyses, we looked at User satisfaction with e-file generally to see if there is any relationship between e-file satisfaction and e-Services extent of use.**

- **Results show no correlation, with Heavy, Medium and Light e-Services Users all having similar satisfaction with e-file. In fact, the only difference we see is higher satisfaction with Individual e-file among Light Users of e-Services.**

Satisfaction With e-file By Extent Of Usage Of e-Services				
Total Users	Total Users (1404) %	Heavy Users (502) %	Medium Users (500) %	Light Users (402) %
Freq. Of Use AND Satisfaction w/e-file				
Satisfaction w/BUSINESS e-file				
Very Satisfied	78	78	78	78
Somewhat Satisfied	15	15	15	15
Somewhat Dissatisfied	4	3	4	2
Very Dissatisfied	1	0	1	3
Don't know/Can't say	3	4	3	3
Satisfaction w/INDIVIDUAL e-file				
Very Satisfied	89	88	89	(94)
Somewhat satisfied	10	10	10	6
Somewhat Dissatisfied	0	1	0	1
Very Dissatisfied	0	0	0	0
Don't know/Can't say	0	0	0	0

Q17: IF EAR NOT USED OR USED ONLY ONCE A MONTH OR LESS, ASK: You indicated that you do not use the Electronic Account Resolution service at the e-Services site very often. What can the IRS do to increase your usage of this particular e-Service?

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Q33: How satisfied are you with...(INDIVIDUAL E-FILE)?
Q34: How satisfied are you with...(BUSINESS E-FILE)?

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Findings Among
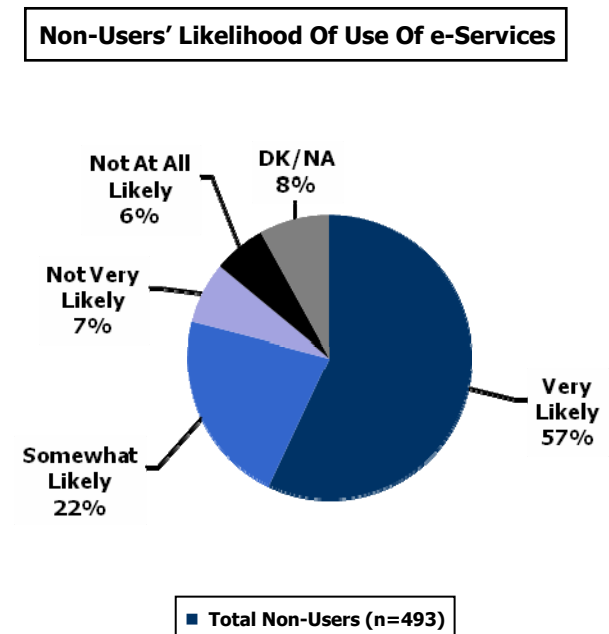# e-Services
Eligible Non-Users

Non-User Awareness, Usage & Likelihood Of Future Use

- **After hearing a <u>general description</u> of e-Services (see Appendix page 27), Non-Users were asked about their awareness and usage.**

- **In the Benchmark, 83% of Non-Users said they came into the study aware of e-Services, <u>with 53% claiming they are registered Users</u> (contrary to IRS records showing all Non-Users as NOT registered).**

  - **Note: since Non-Users HAVE e-filed, they may be confusing e-Services with e-file – though this should not be as high as the 53% claiming registration.**
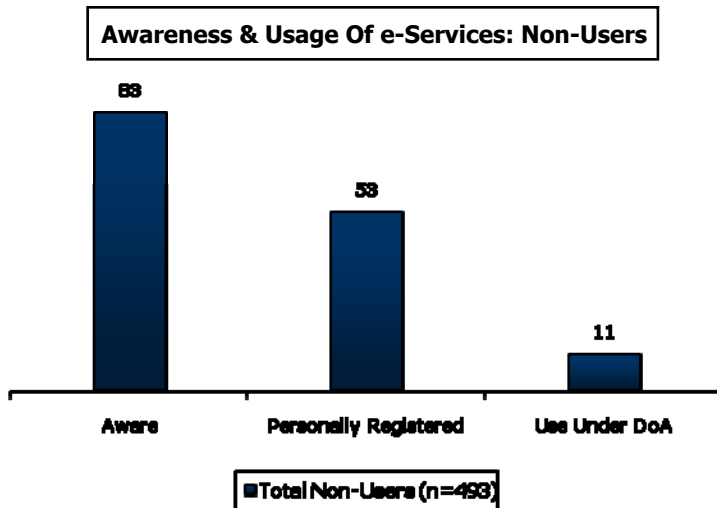
- **Based upon the same <u>general description of the program</u>, Non-Users were asked about their likelihood of using e-Services (or using more) in the future.**

- **<u>79% of Non-Users say they are Very/Somewhat Likely To Use</u> it (57% "very likely"), with 13% not likely to use, and 8% "don't know".**

Awareness & Usage Of e-Services: Non-Users

Aware: 83
Personally Registered: 53
Use Under DoA: 11

■ Total Non-Users (n=493)

Non-Users' Likelihood Of Use Of e-Services

- Not At All Likely 6%
- DK/NA 8%
- Not Very Likely 7%
- Very Likely 57%
- Somewhat Likely 22%

■ Total Non-Users (n=493)

Q1: Prior to today, were you aware of…e-Services?
Q2: Are you personally registered as a user of e-Services?
Q3: …Do you ever log on under the user status of another firm member?

Q18: Based upon everything you now know about e-services, how likely are you to use it, or use it more often, in the future?

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Perceived Likes, Why Not Use & Suggestions For Stimulating Usage

- **Based on the <u>general description</u>, Non-Users' perceptions of what they would <u>like</u> about e-Services center around Ease/Convenience and Speed. Note the mentions of "faster refunds" and "electronic filing" – which are not mentioned in the description, so there _is_ apparently some confusion of e-Services with e-file.**

Non-Users' Perceived Likes Of e-Services

	Total Non-Users (493) %	Very Likely To Use (282) %	Very/SW Likely To Use (390) %	Not Very/ At All Likely (63) %
Total Non-Users				
Ease/Convenience (Net)	**32**	**40**	**38**	**11**
Less paperwork/saves paper	5	9	6	0
Accessibility/easy access	4	5	5	0
It's online/online availability	3	2	3	0
Don't have to mail anything	2	3	3	0
Speed (Net)	**26**	**37**	**31**	**11**
Is more efficient	3	5	3	0
Would lead to faster refunds	**3**	**5**	**4**	**0**
Quick to get information/transcripts	3	4	3	2
Fast response/get answers quickly	2	2	3	0
Would Like Specific Services (Net)	**16**	**18**	**18**	**11**
Would Like electronic filing	**3**	**3**	**3**	**3**
PTIN numbers/PTIN application	3	3	3	2
Resolution of problems	2	3	3	0
Electronic account resolution	2	2	2	0
Information (Net)	**9**	**7**	**10**	**3**
Access to client information files	3	2	3	3

- **Asked for their <u>main reasons for non-use</u>, Non-Users point mainly to <u>lack of need</u> for e-Services and <u>lack of awareness</u>. In addition, there are substantial (16%) mentions indicating confusion of e-Services with e-file.**

- **Two notable <u>suggestions for what IRS can do to stimulate usage</u> of e-Services relate to <u>making it more user-friendly</u> and <u>making registration easier</u>.**

Top Reasons For Non-Use & Suggestions For Stimulating Usage

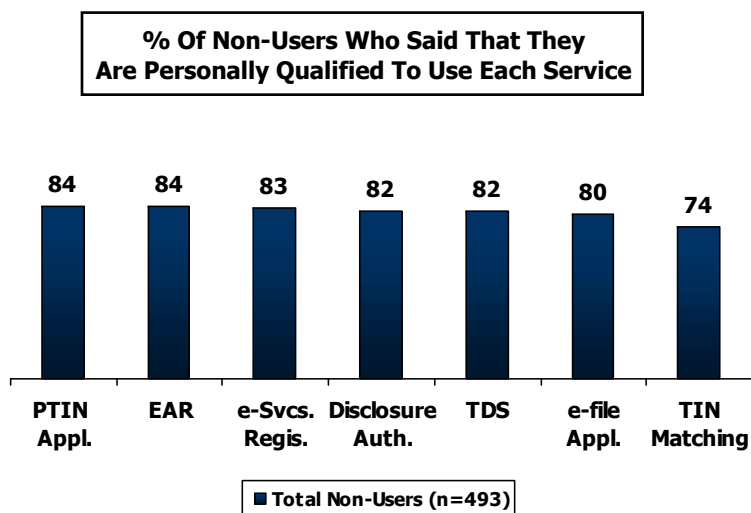|	Total Non-Users (493) %	Very Likely To Use (282) %	Very/SW Likely To Use (390) %	Not Very/ At All Likely (63) %
Total Non-Users				
REASONS FOR NON-USE				
All Mentions Of "No Need" (Net)	**21**	**18**	**19**	**40**
Lack Of Info/Awareness (Net)	**19**	**16**	**20**	**6**
Not aware of it/didn't know about it	11	9	12	3
Don't know enough about it	9	7	8	3
Top Miscellaneous Mentions				
Confusion between e-file & e-Svcs	16	25	20	5
SUGGESTIONS FOR STIMULATING USE				
Make it more user friendly	11	10	11	5
Make the registration process easier	8	8	9	8
Easier access/make it accessible	6	6	7	3
Have more education on this service	3	5	4	2
Speed up refunds for our taxpayers	3	4	4	0

Q19: What if anything do you think you would like about the e-Services program?

Q20: What would you say are the two most important reasons that you are not using e-services or not using e-services more often?

Q21: Anything IRS can do to make you more interested.

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Qualification For & Likelihood Of Use Of Specific e-Services

- Next, after hearing a <u>detailed description of each e-Service</u> (see Appendix page 28), Non-Users were asked if they personally qualify to use each one. Results show that three-fourths or more feel they are qualified for each service.

<div style="text-align:center">

% Of Non-Users Who Said That They Are Personally Qualified To Use Each Service

</div>

PTIN Appl.	EAR	e-Svcs. Regis.	Disclosure Auth.	TDS	e-file Appl.	TIN Matching
84	84	83	82	82	80	74

■ Total Non-Users (n=493)

- Finally, asked their <u>likelihood of actually using each service</u> (or using it more), almost 9 in 10 Non-Users say they are likely to use e-Services Registration. Beyond that service, interest drops to about three-fourths for all other services — except for TIN Matching, which has only 63% expected usage.

Likelihood Of Future Use Of Specific e-Services

Total Non-Users	e-Svcs. Registration (493) %	PTIN Application (493) %	e-file Application (493) %	Disclos. Authorization (493) %	EAR (493) %	TDS (493) %	TIN Matching (493) %
Likelihood Of Use							
Very Likely	79	63	53	55	58	57	43
Somewhat Likely	9	13	19	22	17	19	19
TOTAL VERY/SW LIKELY	**88**	**76**	**72**	**77**	**76**	**76**	**63**
Not Very Likely	3	4	8	5	6	6	13
Not At All Likely	3	10	9	8	10	9	15
Don't Know/Can't Say	5	10	11	10	9	9	10

Q23: Based upon the (DETAILED) description, is this a service that you personally would qualify to use?

18

Q24: Assuming you did qualify to use this service, how likely would you be to use it, or use it more, in the future?

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Other Learning From
Both Users & Non-Users

Usage Of Other Websites & Are There Lessons There For IRS?

- To see if IRS can learn from the website preferences of this audience, we first asked about **their usage of other types of websites**. The top types of sites are **Online Banking**, **Other Government**, and **Shopping** websites. Note that e-Services **Users** generally have higher incidence of usage of these types of sites than Non-Users.

- Those using each type of website to the left were asked which one site was **the best** at that type of activity. Naturally, responses were heavily dispersed, so only **the top few mentions are shown below** — with highlighting of those with notably high mentions.

Other Online Website Usage & Frequency Of Use

Total Users	TOTAL USERS (1404) %	Heavy Users (502) %	Medium Users (500) %	Light Users (402) %	NON-USERS (493) %
% Use Online Banking	(64)	61	64	59	52
Average Freq. Of Use Per Week	4.1	3.9	4.1	4.2	4.0
% Use Gov't. Sites Other Than irs.gov or e-Services	63	66	63	66	59
Average Freq. Of Use Per Week	2.7	3.2	2.7	2.3	2.6
% Use Shopping Websites	(57)	53	57	55	45
Average Freq. Of Use Per Week	1.1	1.1	1.1	1.2	0.9
% Use Credit Card Records & Points Accumulation Sites	(33)	35	33	30	26
Average Freq. Of Use Per Week	1.3	1.6	1.3	1.2	1.2
% Use Service Sites Such As Photo Archives, Memorials, etc.	13	16	13	13	13
Average Freq. Of Use Per Week	0.7	0.8	0.7	0.9	1.3
% Use Blogs Or Discussion Sites	12	14	12	15	10
Average Freq. Of Use Per Week	2.5	4.2	2.4	2.7	1.8

The BEST Site For Each Type Of Online Website

Total Users (BASE VARIES BY SITE TYPE)	TOTAL USERS %	Heavy Users %	Medium Users %	Light Users %	NON-USERS %
BEST Online Banking Sites					
Bank of America	**10**	**12**	**10**	**13**	**5**
Local Bank	7	7	7	11	13
BEST Other Gov't. Sites					
Social Security Administration	**10**	**12**	**10**	**6**	**4**
BEST Blog/Discussion Sites					
Tax Almanac	5	0	5	3	0
LaCerte's Website	3	1	3	2	2
BEST Credit Card Sites					
American Express	**16**	**12**	**16**	**17**	**8**
Chase	7	7	7	7	3
Capital One	5	8	5	10	5
BEST Shopping Websites					
Amazon	**17**	**27**	**16**	**20**	**11**
Ebay	**15**	**10**	**15**	**20**	**13**
BEST Service Sites					
Kodak	**11**	**5**	**11**	**12**	**5**
Snapfish	6	1	6	4	2
Shutterfly	4	8	3	8	5

Q38: Please tell me whether you ever use that type of Online service or site.

Q39: About how often do you use it?

Q40: Of all of the different sites you've ever used for this online service/activity, which one would you say is the best at serving your needs?

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Profiling Users & Non-Users

- **We wanted to see if there were any differences in the composition of the User and Non-User audiences, so we analyzed their characteristics on this and the following page.**

- **Demographically, there is only one difference and it occurs within the User segments – the heavier the usage of e-Services, the younger the User tends to be. There are no differences between Total Users and Total Non-Users on demographic measures.**

- **Looking at national organization membership, we see clear differences between Total Users and Non-Users, with Users more likely to belong to one of the national trade groups (especially AICPA, NATP, NAEA, and NSA).**

  - **The high number of AICPA members reflects the fact that a majority of Users are Accountants or CPAs, as shown on the next page.**

- **Meanwhile there are also some differences within Users, with Heavy Users more likely than Medium or Light Users to belong to AICPA and NAEA, but less likely to be a member of NATP.**

Demographic & Organizational Membership Characteristics					
Total Users	TOTAL USERS (1404) %	Heavy Users (502) %	Medium Users (500) %	Light Users (402) %	NON-USERS (493) %
Demographic Characteristics:					
% Male	64	64	64	61	64
% Female	36	36	36	39	36
Average Age	53.8	50.3	53.9	55.7	54.2
Professional Memberships:					
AICPA--American Institute Of CPAs	36	46	37	22	21
NATP--Nat'l. Association Of Tax Pract'rs.	19	12	19	19	9
NAEA--Nat'l. Assn. Of Enrolled Agents	17	20	17	10	3
NSA--Nat'l. Society Of Accountants	12	7	13	6	4
State Society Of CPA's	6	11	5	9	5
AAACPA--Am. Assn. Of Attorneys--CPAs	3	1	4	1	2
AARP Tax Aide	1	2	1	1	2
NCPE--Nat'l. Ctr. For Prof'l. Education	1	1	1	2	0
APA--American Payroll Association	1	0	1	1	0
CERCA	1	0	1	0	0
NACTP--Nat'l. Assn. Computerized Tax Processors	0	0	0	1	0
NFTA--Nat'l. Federation Of Tax Admins.	0	0	0	0	0
ASPM--Assn. Of Payroll Management	0	0	0	0	0
All Other Organizations	11	12	11	8	5
Don't Belong To Any Trade/Prof'l. Org.	19	20	17	38	58

Summary Of Data From Classification Questions

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- Finally, in **professional characteristics** – and going first to a comparison of Users and Non-Users – we see that there are clear differences in who these groups are, with...

  - **Non-Users** being <u>less likely to be Accountants/CPAs</u>, <u>more likely to work in a firm</u> (vs. being an independent), and in <u>much larger firms</u>, with <u>more active Tax Preparers</u> and <u>filing far more returns</u> than Users. Non-Users are <u>also less likely than Users to do Business returns</u> and <u>more likely to do Individual</u> returns. They also are <u>somewhat less likely to e-file</u> both Business and Individual Returns.

  - Seeing the large differences in work-in-a-firm, firm size and # employees, we <u>examined the composition of the initial IRS lists for each segment</u> and found that, indeed, there is <u>a far higher presence of larger firms among Non-Users</u>.

- **Looking within Users at the 3 extent of usage segments, we also see clear differences, with...**

  - <u>Heavy Users</u> standing out (compared to Medium and Light Users) in terms of <u>being more likely to work in firms and in larger firms</u> and <u>preparing more returns</u> (with a higher share of Business returns). They also include <u>more full-time tax professionals</u> and <u>fewer independents</u>.

**Professional Characteristics Of Users & Non-Users**

Total Users	TOTAL USERS (1404) %	Heavy Users (502) %	Medium Users (500) %	Light Users (402) %	NON-USERS (493) %
Professional Characteristics:					
Business Taxpayer	11	9	11	11	12
Reporting Agent	2	1	2	3	1
Chain/Big 2 Representative/Preparer	0	0	0	0	3
Other Professional Tax Preparer	24	13	25	32	31
Fin'l. Planner, Tax Prep Just One Service	1	1	1	1	2
Acct/CPA, Tax Prep Just One Service	53	55	54	38	37
Enrolled Agents	6	18	5	12	7
Other Prof'l., Tax Prep Just One Service	2	4	2	1	7
Among Non-Big 2 Tax Professionals:					
% Full-Time Tax Professionals	76	86	76	62	56
Avg. # Years Involved In Tax Preparation	25.0	23.6	25.1	25.5	23.8
% Independent Tax Professionals	51	33	52	66	40
% Work In Firm/Both Indy & Work In Firm	48	66	48	34	59
Among All Tax Pros (Big 2 Included):					
Avg. # Active Preparers In Firm	13	64	9	16	284
Avg. # Total Returns Prep'd. By Firm	1099	2692	955	1421	35,231
<u>Avg. % Of Returns That Are Business</u>	26.0	31.0	26.2	19.5	19.4
Avg. % Of Business Returns e-filed	35.6	38.0	36.0	28.6	31.3
<u>Avg. % Of Returns That Are Individual</u>	74.0	69.0	73.8	80.5	80.6
Avg. % Of Individual Return e-filed	81.1	80.8	80.8	85.1	77.5
Among All Firms – Tax Prep & Otherwise:					
Avg. # Total Employees In Firm	22	103	14	41	346

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Key Findings

Key Findings From The e-Services Customer Satisfaction Benchmark

Benchmark results show <u>high satisfaction with e-Services among Heavy Users</u>, but not among others – especially Medium Users.

92 76 72 53 37 49

% Very/SW Satisfied   % Very Satisfied

Heavy Users   Medium Users   Light Users
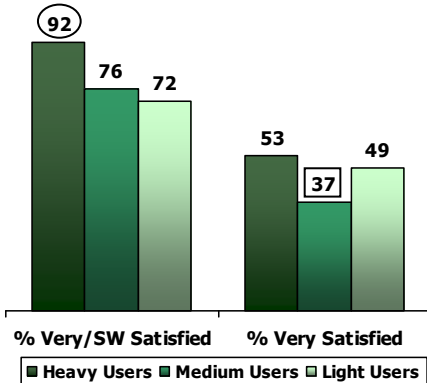
While <u>Users clearly like e-Services</u> and the vast majority <u>would recommend</u> it to others...

...A <u>high proportion feel e-Services should be improved</u> and, here in <u>broad themes</u>, are their suggestions:

Total Users	Heavy Users %	Medium Users %	Light Users %
% Say It Should Be Improved	**82**	**78**	**47**
<u>**Suggestions for Improvement**</u>:			
Make It Easier To Use	20	34	16
Improve Specific Services	26	16	7
Provide Easier Access To Info	21	14	5
Improve Speed Of Activity	11	10	4

See Page 9 for <u>specific suggestions</u>.

Users (especially Heavy Users) are <u>highly satisfied</u> with specific dimensions of e-Services such as Site Appearance, Security, Speed In Transmission, Services, Types Of Info, Site Content, and Response/Acknowledgement. However, there are <u>five areas that generate notably low satisfaction</u> among one or more User segments:

Total Users	Heavy Users %	Medium Users %	Light Users %
Availability Of Help At Help Desk	73	62	45
Understanding Error Messages	67	54	50
Understanding Reject Codes	58	52	49
Site Tutorials For Different Svcs.	46	48	45
6-Months Password Re-Set	42	31	37

In other learning from the Benchmark study:

1) We found that <u>Users tend to have higher usage of other types of websites than Non-Users</u> but that, for both groups, there are <u>specific websites which stand out as exceptional</u> and possibly offering lessons for the e-Service program. These are detailed on Page 20.

2) Finally, we found that there are <u>notable differences in the make-up of Users and Non-Users</u>, with <u>Non-Users</u> being more likely to work in a firm, and in far larger firms, with far more active Tax Preparers, who are filing far more total tax returns.
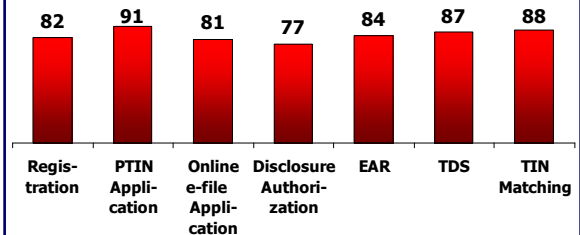

<u>Among Non-Users</u> of e-Services, we found that 83% are aware of the program and that <u>53%</u> say they are <u>Personally Registered</u> (IRS believes them to not be registered).

Their <u>top reasons for non-usage</u> to this point are Do Not Need It and Need More Information – which, incidentally, are the top two things that USERS indicate IRS should do to stimulate usage – <u>Create Demand</u> and <u>Provide More Information</u> about the program.

<u>After hearing the program description</u>, 79% of Non-Users say they are likely to use e-Services (57% Very Likely), and three-fourths or more believe they are qualified to use each Service in the e-Services suite.

Aside from Registration, the <u>e-Services with the highest claimed usage</u> are <u>PTIN Application</u> and <u>DA</u>, though usage levels tend to vary across the three User segments.

<u>Satisfaction with each Service</u> (among its Users) is at about 80% or higher, with PTIN Application satisfaction highest, at 91%.

82 91 81 77 84 87 88

Regis-tration   PTIN Appli-cation   Online e-file Appli-cation   Disclosure Authori-zation   EAR   TDS   TIN Matching

Appendix

Summary Of IRS's Suite Of e-Services

- **All tax professionals registered for e-services can use the following services:**

  1. **Registration for e-services** – a one-time, automated process of selecting a username, password and PIN, with on-screen acknowledgment of successful registration.

  2. **Preparer Tax Identification Number Or PTIN Application** – preparers can use a PTIN instead of their SSN on client returns. This lets a preparer apply for and receive online a PTIN or look up a forgotten PTIN. A PTIN card can also be mailed, if requested.

  3. **Online e-file Application** – this combines all previous application methods into an integrated application available both online and via paper, using the new Form 8633. Applications can be made, maintained, and updated electronically – plus, a new feature allows senior officials in a firm/organization to delegate e-services incentive products to employees.

- **In addition, for all e-file providers e-filing 5+ returns, IRS offers these additional (incentive) services:**

  4. **Disclosure Authorization Or DA** – tax professionals can complete, view and modify existing DA forms, such as 2848 and 8821, and receive acknowledgement of acceptance immediately – all online, in real time.

  5. **Electronic Account Resolution Or EAR** – with a POA on file, this e-service allows tax professionals to electronically expedite closure on client account inquiries such as problems, refunds, installment agreements, and missing payments/notices.

  6. **Transcript Delivery System or TDS** – with a POA on file (or with a DA), preparers can request and receive client account transcripts, wage & income documents, return transcripts, and verification of non-filing letters in a fast and secure online session.

- **And, for taxpayers of income subject to backup withholding or their agents, there is:**

  7. **Taxpayer Identification Number Or TIN Matching** – this is a pre-filing service for payers and/or authorized agents who are listed in the IRS Payer Account database and who in the past two years have filed any of six information returns subject to backup withholding – Forms 1099-B, INT, DIV, OID, PATR, and MISC. Interactive TIN Matching allows matching of up to 25 payee TIN & name combinations against IRS records prior to submitting an information return. Bulk TIN Matching allows matching of up to 100,000 TIN and name combinations.

How e-Services Were Described OVERALL To ALL RESPONDENTS

- The IRS's e-services program is a suite of web-based products that allows registered tax professionals and taxpayers to electronically interact with and conduct business with the IRS. The e-services suite of services includes <u>e-services Registration</u>, <u>PTIN Application</u>, <u>Online e-file Application</u>, <u>Disclosure Authorization</u>, <u>Electronic Account Resolution</u>, <u>Transcript Delivery Service</u>, and <u>Taxpayer Identification Number (TIN) Matching</u>.

- All <u>tax professionals registered with e-services</u> can use the <u>Registration</u>, <u>PTIN Application</u>, and <u>Online e-file Application</u> services.

- And, <u>all e-file providers who e-file 5 or more returns a year</u> can use the <u>Disclosure Authorization</u>, <u>Account Resolution</u>, and <u>Transcript Delivery</u> services.

- In addition, <u>any taxpayer of income subject to backup withholding or their reporting agents</u> can use the <u>Taxpayer Identification Number or TIN Matching</u> service.

- To access e-services, a tax practitioner or qualified taxpayer or their agent must go to the e-services site at the IRS's website, irs.gov, and register.

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How e-Services Were Described IN DETAIL To NON-USERS

1. All Tax Professionals can use the online <u>Registration</u> for e-services, which is a one-time, automated process of selecting a username, password and PIN, with on-screen acknowledgment of successful registration.

2. All Tax Professionals who are registered for e-services can use the <u>Preparer Tax Identification Number Or PTIN Application</u> service. In this, Preparers can use a PTIN instead of their SSN on client returns. This lets a Preparer apply for and receive online a PTIN or look up a forgotten PTIN. A PTIN card can also be mailed, if requested.

3. All Tax Professionals who are registered for e-services can use the <u>Online e-file Application</u> service. This combines all previous application methods into an integrated application available both online and via paper, using the new Form 8633. Applications can be made, maintained, and updated electronically. Plus, a new feature allows senior officials in a firm/organization to delegate e-services incentive products to employees.

4. All *e-file* Providers e-filing 5 or more returns can use the <u>Disclosure Authorization</u> service. With this service, Tax Professionals can complete, view and modify existing Disclosure Authorization forms, such as 2848 and 8821, and receive acknowledgement of acceptance immediately – all online, in real time.

5. All *e-file* Providers e-filing 5 or more returns can use the <u>Electronic Account Resolution</u> service. With a Power Of Attorney on file, this e-service allows Tax Professionals to electronically expedite closure on client account inquiries such as problems, refunds, installment agreements, and missing payments/notices.

6. All *e-file* Providers e-filing 5 or more returns can use the <u>Transcript Delivery System</u> service. With a Power Of Attorney on file (or with a Disclosure Authorization), Preparers can request and receive client account transcripts, wage & income documents, return transcripts, and verification of non-filing letters in a fast and secure online session.

7. All Taxpayers of income who are subject to backup withholding, or their reporting agents, can use the <u>Taxpayer Identification Number Or TIN Matching</u> service. This is a pre-filing service for payers and/or authorized agents who are listed in the IRS Payer Account database and who in the past two years have filed any of six information returns subject to backup withholding – Forms 1099-B, INT, DIV, OID, PATR, and MISC. *Interactive TIN Matching* allows matching of up to 25 payee TIN & name combinations against IRS records prior to submitting an information return. *Bulk TIN Matching* allows matching of up to 100,000 TIN and name combinations.

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How Users Were Weighted Back To Real-World Proportions

- The sample of Users in the study was stratified (sampled at equally high levels, roughly 400-500 each) in order to have a readable base for analysis of each extent-of-usage sub-group (Heavy, Medium, and Low-Level/Light). However, during analysis, we wanted to add these three groups back together in a "Total User" base so that we could see results among the <u>Total User</u> audience.

- <u>To read the Total User results and be confident that each extent-of-usage group was represented in its real-world proportions</u> (i.e., confident that one group was not accounting for a disproportionate share of opinion in Total), we <u>needed weights</u> to be applied to each group in any analysis that combined the three groups.

- <u>To determine these weights</u>, we used the unduplicated sizes of the lists provided by IRS and, in the case of one group (Medium-Level Users, where we received only a portion of the total database for that group), we used the known total size of the group less its rate of duplication found during sampling.

- Following is a <u>summary of how the weights were developed and applied</u> for each extent-of-usage group:

  - For <u>Heavy Users</u>: the total size of this group, less any duplicates found during sampling, was 1,176, or 6.2% of Total Users. After applying the weight, this group represents 6.2% of Total Users (rounded in reporting to 6%).

  - For <u>Medium-Level Users</u>: the total database size is 20,056. We received a randomly-selected 10,000 of that total and, during sampling, found that 18% were duplicates. We applied the inverse 82% non-duplicate rate to the total database size of 20,056, giving us an estimate of unduplicated Medium Users of 16,446, or 86.6% of Total Users. So, after weighting, this group represents 86.6% of Total Users (rounded in reporting to 87%).

  - For <u>Low-Level/Light Users</u>: the total size of this group, less any duplicates found during sampling, was 1,365, or 7.2% of Total Users. After weighting, this group represents 7.2% of Total Users (rounded in reporting to 7%).

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