

PREPARE + PROSPER

WORKING TOWARD A BRIGHTER FINANCIAL FUTURE

CONSUMER MARKET RESEARCH

2015 REPORT

Why do tax-filers choose to pay for tax preparation when they know free is an option?



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Why do tax-filers choose to pay for tax preparation when they know free is an option?

Project was managed by Stacy Opitz, marketing + communications director, and Taylor Putz, Claim it! campaign manager, at Prepare + Prosper

Research consultants for the project were Mary White & Company and Pollen (www.pollenmidwest.org)

Published in 2015

www.prepareandprosper.org

WHY THIS RESEARCH?

Prepare + Prosper (P+P) is a nonprofit organization with a 44-year history focused on financial capability and economic justice. Based in St. Paul, Minnesota, we have a growing local and national presence in running programs and promoting policies, practices, and strategies that foster financial health and wealth for low- to moderate-income families and communities. Each year, we leverage the help of 550+ volunteers to serve more than 13,000 people with free tax preparation, financial services, and financial coaching.

Many of the people who qualify for free tax preparation are eligible for the Earned Income Tax Credit (EITC) and other tax credits that can boost a household's income by nearly 50%. EITC-eligible populations are often targeted by paid tax preparers who charge high fees and up sell unnecessary, and sometimes predatory, financial products and services.

In tax year 2013, only 3% of EITC recipients across the country and 6% in the Twin Cities used free tax preparation sites, according to the Brookings Institution.



While we know that free tax preparation programs don't currently have capacity to serve all who are eligible, we can serve more, serve them better, and market our services in a more effective way.

As you will read in this report, we took a multi-pronged and multi-tiered approach to our research that included in-depth conversations and focus groups. First, we first sought to better understand why people who know about and qualify for free tax preparation chose to use a paid preparer instead—what are the needs, values, and behaviors that influence their decision-making. Then, with what we learned, we crafted and tested messages to identify ones that would resonate and persuade tax-filers to make a change to free tax preparation.

METHODOLOGY

MARKET RESEARCH

Phase 1 (January - March 2015)

For the first phase, we hired consultant Mary White & Company to conduct research with people who pay to have their taxes prepared. We also created an internal working group consisting of program and administrative staff to advise and participate in conducting the research.

Ethnographic Immersion

Objective: Discover and understand the lifestyles, behaviors, values, and needs of prospective customers (tax-filers who use paid tax preparation services).

Activities: Nine prospective customers kept photo diaries detailing individual versions of the tax preparation process. Mary and P+P staff members then conducted in-depth, in-home interviews with diary participants.

Debate-Style Focus Group

Objective: Understand consumer preferences and assess P+P's current service delivery model, marketing, and outreach strategies individually and in comparison to major competitors.

Activities: The most passionate customers of P+P and those of commercial competitors faced off attempting to convince the other that their tax preparation service is the best option. Customer advocates identified and made a case for the core benefits and key features of each service.

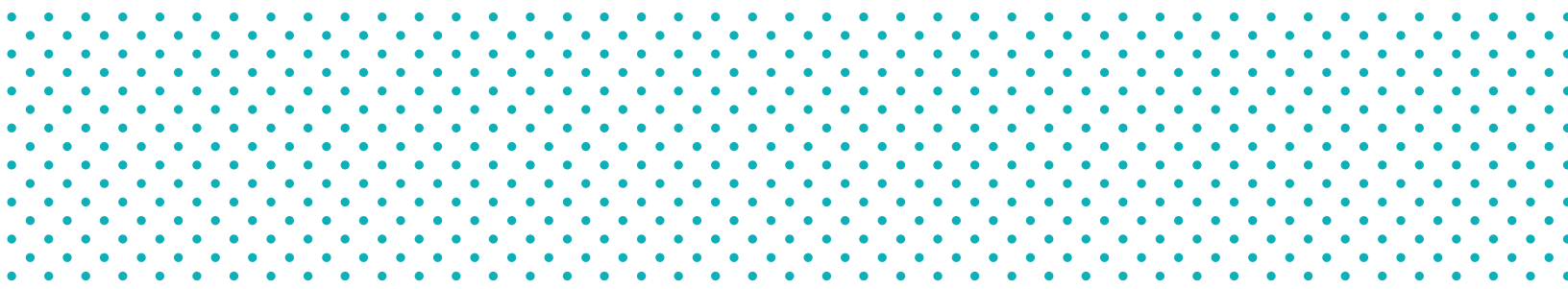
Phase 2 (March - May 2015)

For the second phase, P+P conducted research on lapsed customers now paying for tax preparation services.

Lapsed Customer Survey and Interviews

Objective: Discover and understand why customers in 2014 did not return to use P+P's services in 2015. Through the interviews, learn more about their experience(s) with us and their lifestyles, behaviors, values, and needs that affect decision-making around tax preparation.

Activities: We conducted phone surveys with 50 lapsed customers asking them 13 questions. We then conducted in-depth interviews with six of those individuals who reported having a negative experience at one of our tax clinics.



METHODOLOGY CONT.

Phase 3 (July - September 2015)

For the third phase, P+P hired Pollen (www.pollenmidwest.org) to conduct research to identify which messages are most compelling to persuade prospective customers to use free tax preparation. We also created an internal working group consisting of program and administrative staff to advise the research.

Small Group Discussions

Objective: Develop and test key selling messages that address beliefs and breakdown barriers—discovered in phases 1 and 2 of the market research—that deter prospective customers from using free tax preparation.

Activities: Conducted small group discussions—or triads—with 21 prospective customers. Draft messages were created with market research learnings and tested in mocked-up brochures.

PARTICIPANTS

Interviews and focus groups

54 participants in total

- 38 were women and 16 were men

All received the Earned Income Tax Credit

Tax preparer use:

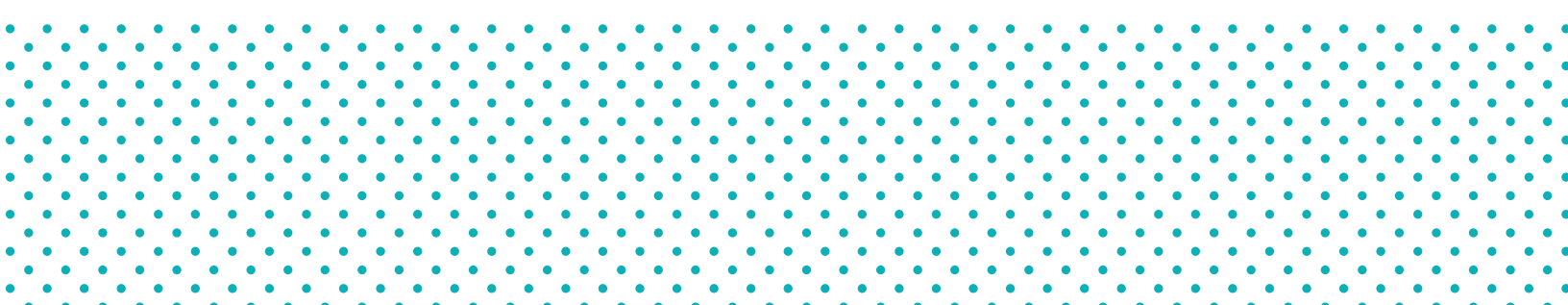
- Chain paid tax preparer: 26 people
- Other paid tax preparer: 9 people
- Online self-preparation (*but used chain paid tax preparer in the past*): 9 people
- Free tax prep site (P+P): 9 people (*brand debate team*)
- Family/friend: 1 person

Survey of non-returning customers

50 participants in total (*6 of whom were interviewed*)

Tax preparer use:

- Other free tax prep site: 13 people
- Online self-preparation: 9 people
- Chain paid tax preparer: 7 people
- Other paid tax preparer: 7 people
- Family/friend: 6 people
- Other service not specified: 5 people
- Did not file/not required to: 3 people



KEY FINDINGS

PHASES 1 + 2: CONSUMER MARKET RESEARCH

Under the guidance of research consultant, Mary White, we worked with a recruitment agency to identify nine people who received the EITC and were aware of free tax preparation but were choosing not to use it, and instead paid to have their taxes prepared.

Participants were asked to keep a photo diary of their work to prepare for their tax preparation appointment—taking photos and recording their thoughts, actions, and emotions.

We reviewed participants' diaries and went into their homes to conduct interviews, having in-depth conversations about their attitudes, beliefs, perceptions, and decisions around taxes and money.

We also conducted in-depth interviews with six former customers who did not return to P+P and used the same interview guide as we did with the nine non-users.

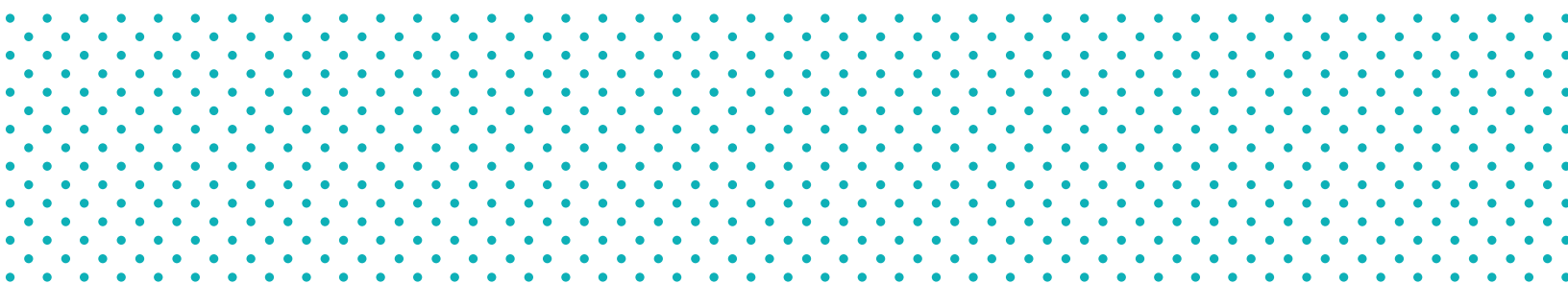
Finally, we conducted a brand debate-style focus group. We recruited 10 of our customers and the recruitment agency recruited 10 who use paid preparers. The two teams spent an hour independently creating a list of top reasons to choose either free or paid tax preparation. They then came together to share, debate, and rebut the reasons others gave.

All participants were compensated for their time and travel. The following is what we learned from the above participants through the activities conducted.

1. Quality at a free site is often assumed to be less just because it's **free**.

“It's my sense that anything free is never that good...I don't want to pay a lot...I can't afford to, but there is some value in paying for a service.” *Solana*

“Sometimes free isn't the best thing. It's only because I knew [the free tax service] from the neighborhood that kind of gave me trust in them. Everything free is not good.” *Monica + Paul*



KEY FINDINGS CONT.

PHASES 1 + 2: CONSUMER MARKET RESEARCH

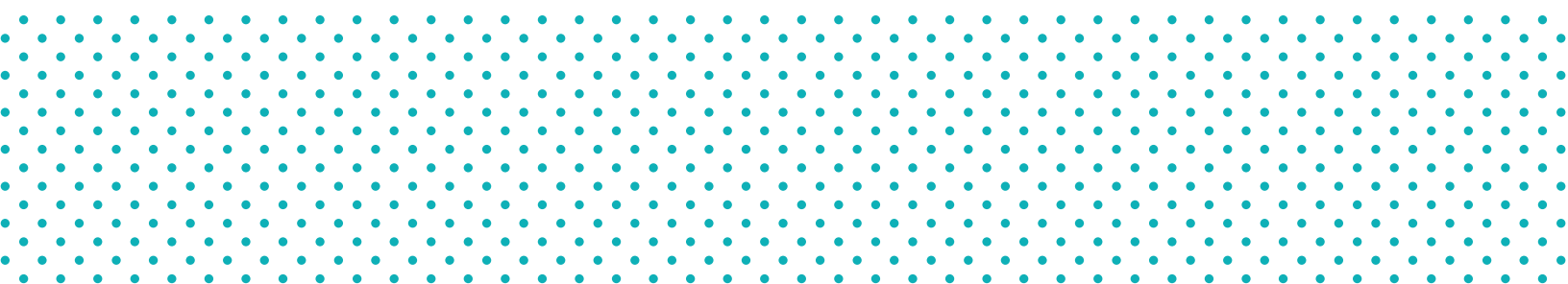
2. There are perceived benefits that come with **paying** for a tax preparation service:

- Professional quality and a certified tax preparer
- Convenience of appointments and location in their neighborhood
- Data security, audit protection, and an advocate should the IRS question your return
- A calm and organized environment
- The right to make complaints
- Assurance that the preparer will be there next year, not a “pop-up shop”

“I think that most people would tell you that when something is free, you don't want to complain about quality unless it was horrible...it's almost like a favor they're doing for you.” *Michelle*

3. There are perceived benefits of big brand, commercial tax preparers (like H&R Block and Jackson Hewitt):

- Familiarity and with that trust that the preparer is qualified
- Longevity in the marketplace and an assumption that they'll be there if you need them after tax time
- The ability to purchase guarantees like audit protection



KEY FINDINGS CONT.

PHASES 1 + 2: CONSUMER MARKET RESEARCH

4. There are assumptions about free tax preparation:

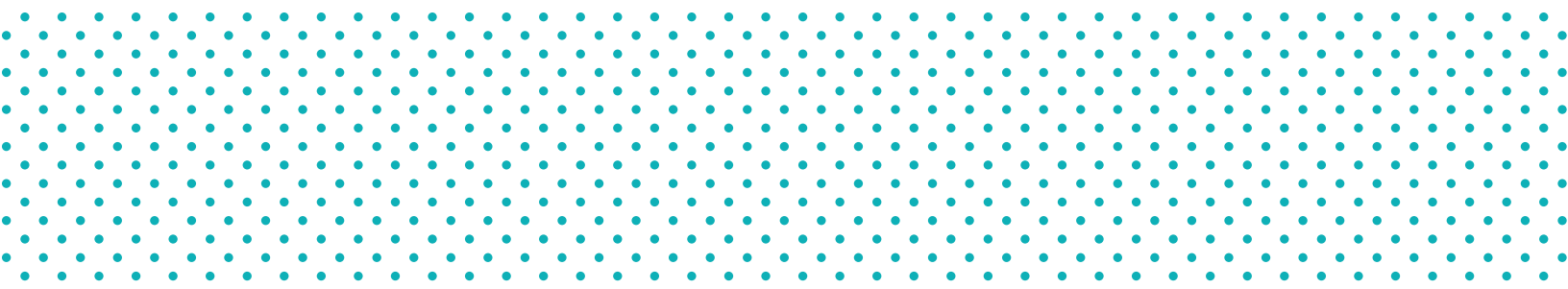
- Low quality work: there are long lines and wait times, no greeter, low lighting and dingy spaces, and people look harried, rushed and are unfriendly
- It's hard to know where you are in the process or why it's taking so long
- It's only for simple returns
- Data is not secured properly
- It's for people who need it more

“I've never used [free tax preparation]...not that I wouldn't just to try them out but... 'Am I going to get everything I should?' or 'Do they know their business well enough to not miss anything?’” *Sandy*

“...it was dingy and crowded and it was like a little makeshift office. There was a long line. It was just not appealing.” *Maria, regarding another free tax site she went to years ago*

“[My husband] only has one W-2 so [his taxes are] pretty simple. With mine, they were complicated. [Free tax preparation] didn't do really complicated situations. It was just for people who have simple taxes.” *Michelle, who had W-2 wages, dependents, and owned a home*

“He doesn't get any money back and his circumstance is different than mine. He's a student. He doesn't carry the bulk of the finance responsibility in the household like I do.” *Solana, regarding why her teenage son uses a free tax service but she does not*



KEY FINDINGS CONT.

PHASE 1 + 2: CONSUMER MARKET RESEARCH

5. When looking for and sticking with a tax preparer, people take into consideration:

- Convenience
- Level of customer service
- Word-of-mouth or referrals
- Deals or current gimmicks being offered
- How long the preparer has been doing taxes
- Who can get me the largest refund
- Rapport with individual preparer

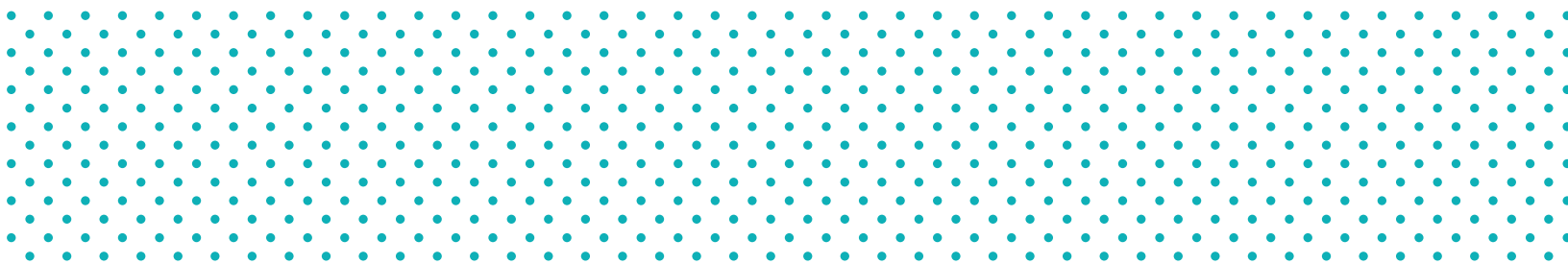
“I would like to see some type of credentials of how much experience you have first before you start messing with my paperwork.” *Victoria*

“I try to get referrals from people...I don't like randomly going to a person I don't know anything about.” *Solana*

“[My preparer] works by the post office...I stopped in there because I kept procrastinating. I said 'Let me do this while I'm sitting right here in the post office,' so I just walked over there...that's how we met.” *Lori, regarding her “mom & pop shop” of seven years*

6. When receiving a large refund, paying for tax preparation feels free for two reasons: 1) The fee can feel small when compared to the size of the refund and 2) the fee can be deducted from the refund.

“I love the H&R Block online so much that I would do it again...\$30.00...that's nothing. I could do that. That's not even me in a rich moment. [Laughter]”
Tonya



KEY FINDINGS CONT.

PHASES 1 + 2: CONSUMER MARKET RESEARCH

8. Online, self-preparation of taxes has become popular. People feel like they're getting more back because the software asks a lot of questions, more than a tax professional has asked them.

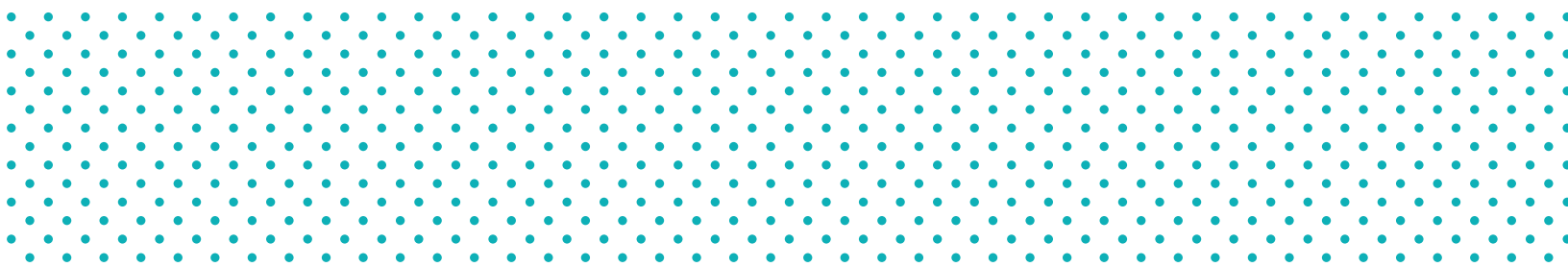
“All you do is put in the figures and they [Turbo Tax] calculate everything and ask you, ‘Do you have this?’ It’s really straightforward. They do everything I promise you – everything as long as you put the figures in then they’ll tell you how much credit you’re getting back or what kind of credits you can get and they’ll be like, ‘Well, let’s see if you can get this kind of credit.’” *Victoria*

“Like I told you, they [my paid preparer] never told me anything about itemized deductions. They never told me that I could deduct my medication. They never told me any of that. [With Turbo Tax], this little stuff popped up [on the screen] saying ‘Did you know that you can use this?’” *Tonya*

9. Volunteers can affect perception of quality, either positively or negatively. Some people assume no- to low-quality when they hear volunteer while for others knowing that a volunteer who loves doing taxes and is compassionate can go a long way to assuage concerns about the quality of work.

“It [tax preparation] is probably the volunteers profession and they’re just there to help people...they’re going to get it done right. I mean this is what they love to do. They want to help people. So it was never that I was afraid that they wouldn’t be knowledgeable.” *Maria*

10. During the brand debate, P+P’s customer team named the organization’s holistic approach to financial wellness as the top reason for using the service.



KEY FINDINGS

PHASE 3: MESSAGE TESTING

Under the guidance of Minneapolis-based consultant, Pollen, we took learnings from our market research, drafted messages, and tested them on prospective customers to identify messages that resonated.

The market research revealed a variety of important insights, helping us understand the connotations (both negative and positive) associated with the word free as well as other factors that go into the decision-making process around tax preparation—like customer service and longevity.

As a first step, a group of staff came together with Pollen to identify the intersection between what we're good at and what's important to potential customers. With those selling points and the "space" left to grab in the marketplace based upon our analysis of competitors' messages, we drafted messages and mocked up brochures to test what resonates most (see addendum 7).

Using Cragislist and our organizational networks, we recruited 21 people to participate in small focus groups or triads. We learned why people chose their current tax preparer and presented them with various messages on brochures, held discussions around their reactions to the messages, and asked them to rank top messages. We then had participants draft their own brochure with whatever messages resonated most with them.

All participants were compensated for their time and travel. Following is what rose to the top when customers were presented with the samples messages and mocked-up material.

1. Communicating FREE in the headline is essential. It is your point of difference and it catches people's eye, sparks curiosity and causes prospective customer to investigate.

"I'm excited by FREE!" Amanda

"Now, that catches my eye!" Brenda

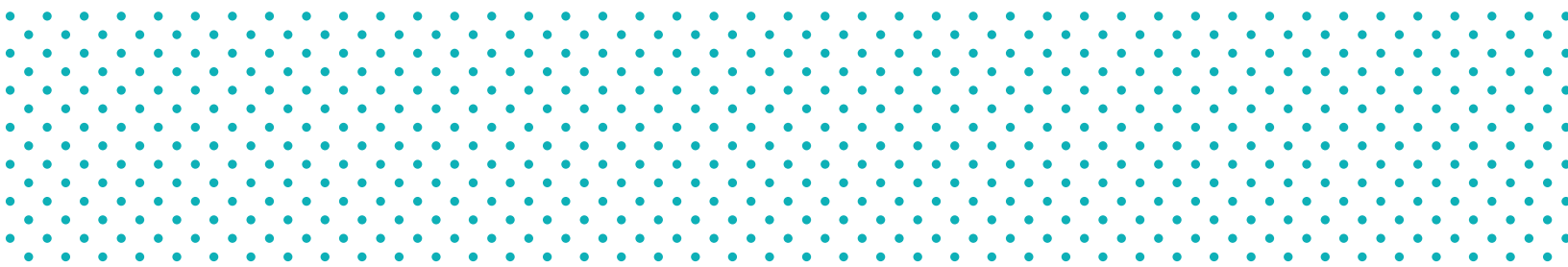
However, FREE does cause skepticism. It sets up questions and concerns that need to be addressed and dispelled.

"It's a gimmick. There must be some kind of catch." Katherine

"I know from experience you get what you pay for." Jeff

"Do they know what they're doing?" Hareen

"Sometimes free means low quality or long wait lines." Keleshia



KEY FINDINGS CONT.

PHASE 3: MESSAGE TESTING

2. It is critical to allay skepticism about FREE by communicating “no catches” and high quality.

- Stating “free means free” or “no hidden fees”
- Describing the tax preparers: IRS certified volunteers who are passionate about doing taxes

“Answers my ‘what is this really going to cost’ question.” *Paul*

“Clears up my skepticism.” *Jeffrey*

“Gives me confidence because the IRS is legit.” *Beretta*

“The IRS. That speaks for itself.” *Angela*

3. IRS-certified is the preferred way of describing a preparer’s qualifications. “Hours of training” or “passes an IRS-test” was felt to be over-the-top or trying too hard.

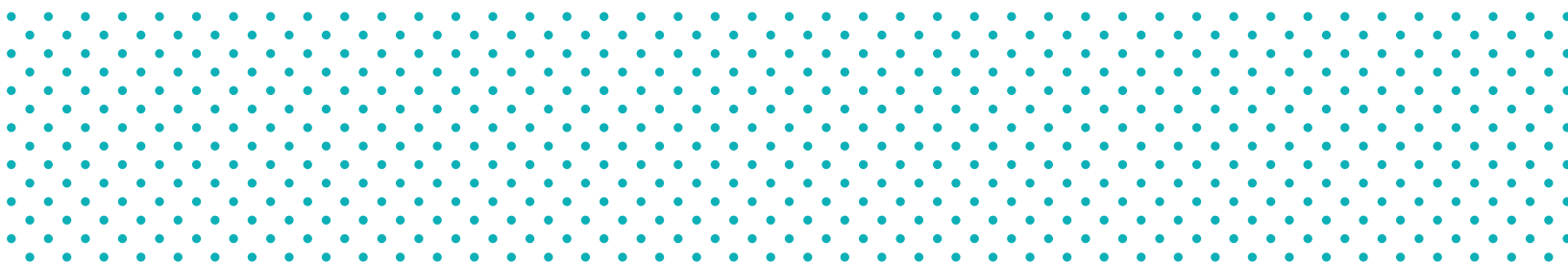
- People felt the IRS was THE authority when it comes to taxes and anyone that was certified by the IRS was going to know the tax code, be up to speed on the year-to-year changes and generally be qualified on a variety of levels.

“Too much. You’ve gone overboard. What are you trying to cover up?” *Barreta*

“It’s not necessary. You don’t need to say hours of training and passing a test. IRS-certified means the same thing.” *Amanda*

4. Referring to tax preparers as “volunteers” is a positive, especially when described as “passionate” or “passionate about taxes.”

- Participants felt like volunteers want to be there, they don’t have to be there, and they “put their all” into their work. “Passionate” confirms why there are there in the first place.



KEY FINDINGS CONT.

PHASE 3: MESSAGE TESTING

5. Consumers want assurance you will keep them out of trouble—year-round audit assistance language works.
 - A large portion of participants dreaded tax time and had concerns about accuracy. For them, assurance that their preparer had their back was important. “Year-round audit assistance” communicated that you’re not a pop-up shop and will be there for them after tax season.

6. Ultimately the benefit is maximizing your refund with a tax prep service that has your back.
 - For the majority of participants, the heard of the decision of which tax service to use stems from trust they’ll get the maximum refund. IRS-certified volunteers who are passionate about taxes is a reason to believe this benefit can be delivered.

7. Participant feedback was divided with messages that included data protection, expert reviewer, and testimonials.

Data protection: Some thought it was positive while others felt no one can really protect your data.

“Anyone can get hacked, you can’t guarantee you’ll protect my data.” *Jeffrey*

Expert reviewer: Some were assured while others felt it was a negative.

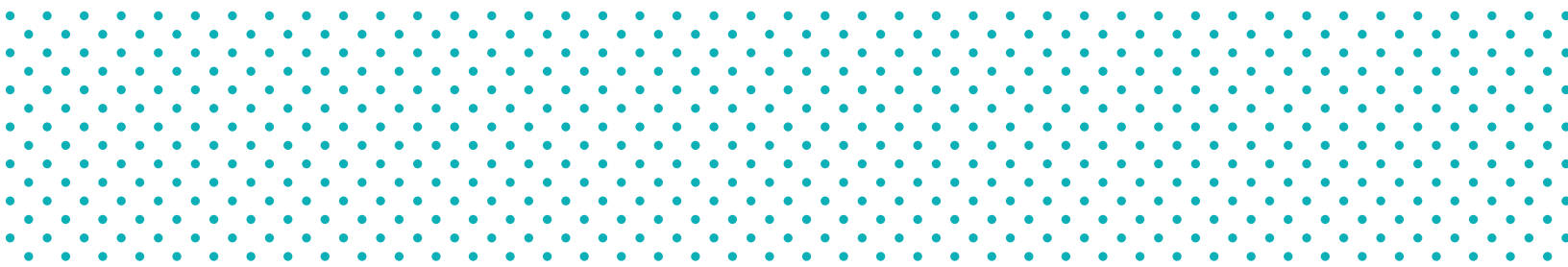
“Get it done the first time.” *Brett*

“The double check means they will catch any mistakes.” *Beretta*

Testimonial: Some were skeptical of it’s authenticity while others said ratings and reviews are important.

“A testimonial doesn’t mean anything. Their situation is different than mine.” *Jeffery*

“I like that. It’s personal. So believable.” *Amanda*

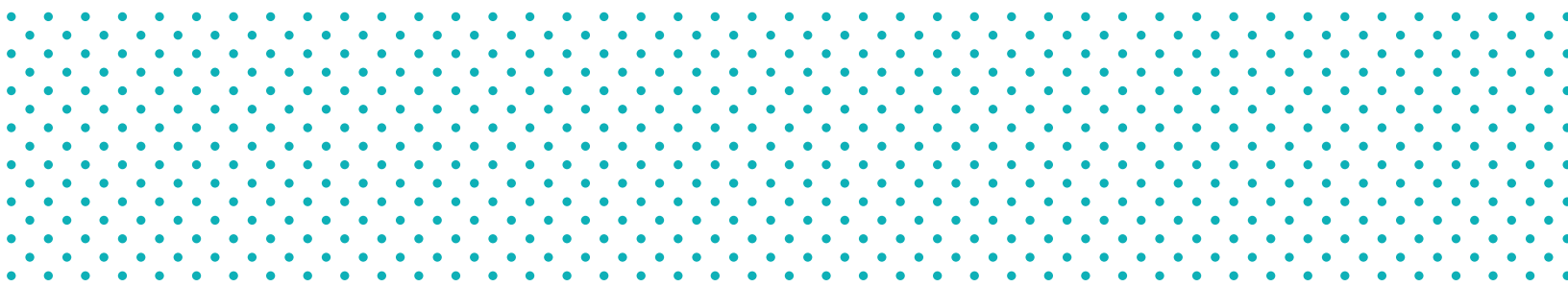


WHAT WE ARE DOING WITH THIS RESEARCH

With the things we learned from this market research and message testing, P+P is making the following changes or considering these changes or enhancements for future years.

- Changing our messaging to debunk assumptions about the word free as it relates to free tax preparation. We'll be using phrases like 1) "with us, free means free" 2) "all taxes are prepared by IRS-certified volunteers passionate about taxes" 3) "for simple or complicated returns."
- Improving how we tell the story of our volunteers as a way to convey passion, experience, and expertise—which all add up to high quality.
- Supporting word-of-mouth among customers—including making a direct ask during the check-out process that customers spread the word and review us online.
- Communicating that we provide audit assistance since it's something we already do when customers call us with questions and requests after the tax season. (Note: P+P provides service year-round.)
- Adding a drop-off service to our tax preparation program that, for some, will be more convenient.
- Increasing hours at a number of sites, including adding days during our busiest week of the tax season when EITC-filers come to have their taxes prepared.
- Enhancing and expanding our customer service training with our volunteers and staff to include adding a customer service section to our volunteer handbook, offering a separate diversity training, creating short videos to demo quality customer service in the clinic, and training all volunteers to end their time with a customer telling them what the next step in the process is.
- Continuing to improve the spaces we are in so that the environment is warm and welcoming—natural light, refreshments, strong branding, etc.—to overcome the assumptions of low-quality.
- Exploring what it would mean to offer incentives to combat the gimmicks some paid tax preparers are offering.
- Expanding our main office site with the goal of creating a permanent, bigger, and visible "super site" that can be replicated, moving away from the "pop-up" shop model that often has problematic connotations.

ADDENDUM 1
IN-DEPTH, IN-HOME
PARTICIPANT
RECRUITMENT TOOL





**Prepare + Prosper
Income Tax Preparation Journey Interviews
February 24 & 25, 2015
March 3 & 4, 2015**

Recruit 8 participants

Interviews will be held in-home between the hours of 10:00 a.m. and 6:00 p.m.

Interview Dates: February 24 & 25, 2015 and March 3 & 4, 2015

Interview Times: TBD between the hours of 10:00 a.m. and 6:00 p.m.

Interviews/day: TWO. MUST HAVE A MINIMUM OF TWO HOURS BETWEEN APPOINTMENTS.

Interview Duration: 90 minutes

Screening Requirements:

8 participants total

At least 6 must be households with 1 or more kids age 1 yr. to 17 yrs. living in the home (and claimed as a dependent)

- Total HH income \$53,000 or less via earned income or wages
- Must have used a paid tax preparation service (such as H&R Block or Jackson Hewitt) in the past and intend to do so again in 2015 for the 2014 tax year.
- Must be employed full or part-time

Up to 2 individuals w/o kids

- Total Individual Income of \$30,000 or less via earned income or wages.
- Must have used a paid tax preparation service (such as H&R Block, Jackson Hewitt or Liberty Tax Service) in the past and intend to do so again in 2015 for the 2014 tax year.
- Must be employed full time or part-time

ALL:

- Willing to capture their 2015 tax preparation journey through diary and pictures
- Willing to participate in a 90 minute in-home interview
- Pass standard articulation and past participation screens (6 months)
- Mix of ethnicity, age and gender (no quotas here) but all must be fluent English speakers

NOTE:

- Collect awareness of FREE tax preparation service and would like to have at least half of total aware of this type of service.
- If necessary 1 or 2 participants may have prepared taxes themselves or used a mom & pop paid service and intend to do so for 2015 for the 2014 tax year.

Questions: Bold answers continue. (When respondents are discontinued, always thank them for their time.)

1. How many times have you taken part in a **focus group or marketing research study** within the past 6 months, including focus groups you are currently scheduled for but have not yet attended? This includes focus groups with Ascendancy Research or any other company.

None
1–2 times
3 or more times

2. What is your age?

Record age for information purposes.

3. Do you have children between the ages of 1-17 living in your household that you personally claim as a dependent for tax purposes?

Yes – GO TO Q. 4
No –SKIP TO Q. 5 MAXIMUM OF TWO RESPONDENTS.

4. What are the ages of your children?

Record all child ages for information purposes. At least 6 participants must have at least one child age 1-17 living in home and claimed as a dependent for tax purposes to participate.

5. What is your household composition? Are you...

Single living alone
Single living with roommates or significant other/partner
Single living with dependent children ages 1-17
Single living with significant other/partner and dependent children ages 1-17
Married living together with dependent children ages 1-17
Married living together without dependent children ages 1-17
OTHER (please specify)

Up to two respondents IF annual income is \$30,000 or less
At least 6 respondents IF annual income is \$53,00 or less

6. Which of the following best describes your employment status. Are you...

Employed full time for wages
Employed part-time for wages
Self-employed
Out of work and looking for work
Out of work but not currently looking for work

A homemaker
A student
In the Military
Retired
Unable to work

Recruit a mix of full time and part-time workers.

7. What is your gender?

Male
Female

8. What is your/your family's total annual income from earned income and wages? If you have more than one job, combine your yearly income from all jobs for this question.

_____ Write In Answer

Individuals must earn \$30,000 or less/year in earned income or wages to qualify. ONLY TWO Kid households must earn \$53,000 or less/year in earned income or wages to qualify. SIX+

9a). What are all the methods of tax preparation and filing that you can think of?

(Don't read – record all mentions).

9b.) Which of the following methods of tax preparation are you aware of?

(read list, record all mentions)

9c). Which of the following methods of tax preparation have you used in the past?

(check all that apply).

Prepare and file myself
Prepared and filed by a friend or relative
Prepared and filed by a paid tax preparation service
Prepared by a free tax preparation service
Other (please specify)

RECORD RESPONSES FOR INFORMATION PURPOSES.

10a.) Which method of tax preparation do you intend to use in 2015 for the 2014 tax year? (check ONE)

Prepared myself
Prepared by a friend or relative
Prepared by a paid tax preparation service
Prepared by a free tax preparation service (write in name of service)
Other (please specify)

10b.) What is the name of the tax preparation service you intend to use in 2015 for the 2014 tax year?

Write in name of company_____

At least 6 respondents must have used one of the following paid tax preparation service companies:
H&R Block, Jackson Hewitt or Liberty Tax Service. 2 may have used another paid service.

11). Have you ever qualified for the earned income tax credit?

Yes
No
Don't know

Record answer for information purposes.

9). What is your ethnic background?

American Indian and Alaska Native
Asian
Black or African-American
Hispanic or Latino
Native Hawaiian or Other Pacific Islander
White/Caucasian
Other

Recruit a mix of ethnicities. All must be good English speakers.

10. Now I'm going to ask you a different type of question. For this question, you will need to express yourself.

If you could take a two week vacation to anywhere in the world, where would you go? What kind of activities would you do?

[Articulateness exercise: Pay close attention to length of sentences, use of adjectives, pauses, ability to stay on topic, etc. Articulate people may use longer and well-constructed sentences; they will use more/varied adjectives to describe objects and experiences; and they will pause or hesitate less.]

Very articulate
Somewhat articulate
Not articulate

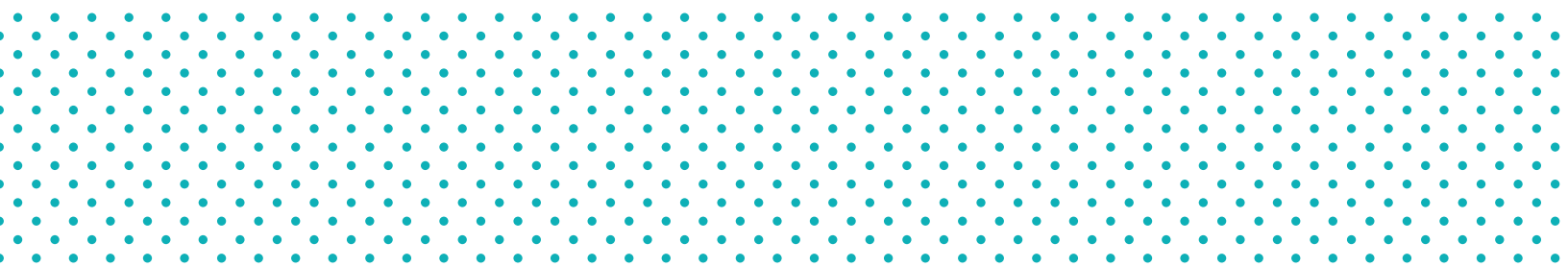
We're looking for individuals to participate in a study documenting and describing to an interviewer their income tax preparation and filing process for the 2014 tax year. This would include agreeing to complete your taxes using (INSERT COMPANY MENTIONED IN Q.10) by FEBRUARY 20, 2015. You will need to keep a diary and photo journal documenting all the steps in this process and be willing to participate in a 90 minute discussion in your home with two researchers. We are seeking to understand **ONLY** your tax preparation process and all the steps and resources you use to prepare and file. We will NOT NEED any personal or specific financial information. **You will not be required to journal nor will you be asked to share specific financial information.** For your participation you would be paid \$200. We will send you the diary and photo journal instructions today and the in-home interviews will take place on 2/24, 2/25, 3/4, or 3/5.

Would you be interested in participating in this study? If yes work with them to determine an interview time between the hours of 10:00 a.m. and 6:00 p.m. on one of the four interview dates. REMINDER: WE NEED A MINIMUM OF 2 HOURS BETWEEN INTERVIEWS ON EACH DAY.

******* Repeat the Day, Date, and Time to confirm. *******

ADDENDUM 2

PARTICIPANT DIARY TOOL





Mary White & Company
Minneapolis, MN 55419
(612) 827-5380
mwandco@comcast.net

Income Tax Preparation And Filing Research Study HOMEWORK PART ONE: Tax Preparation Diary And Photo Journal

MUST BE COMPLETED ON OR BEFORE FEBRUARY 20, 2015

Dear Participant,

Thank you! We are so grateful you've agreed to participate in our study. Your opinions will help us make getting your taxes done and filing your taxes a better experience.

To prepare for our conversation in your home you will need to complete the following assignment.

As a reminder you have agreed to prepare and file your income taxes for the 2014 tax year and to complete this diary and photo journal by February 20th, 2015.

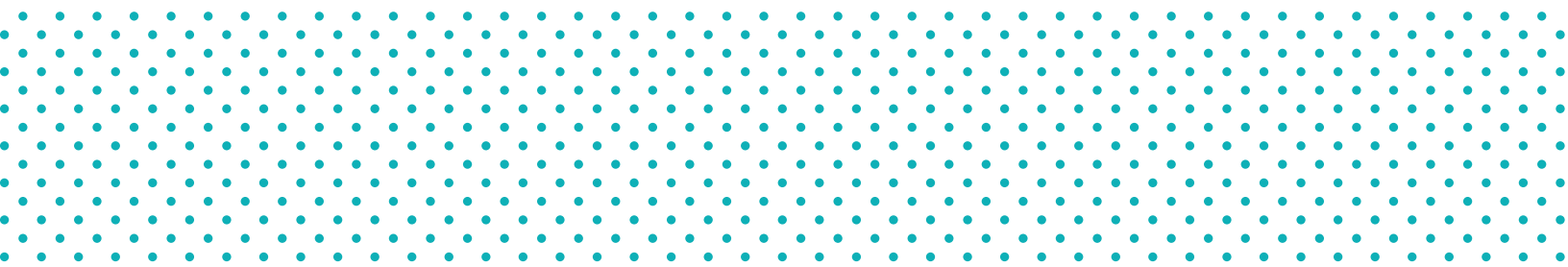
To show us how you get ready for and file your taxes and how you feel about that process you should do the following:

1. *Every time you think about or take an action toward getting ready to **have your taxes done** for the tax year 2014 complete a row of questions on the enclosed Diary & Photo Journal Forms and take at least one photograph to go along with it.*
2. *Once you have filed your taxes for the 2014 tax year **answer the questions on the HOMEWORK PART TWO worksheet** we have enclosed.*
3. *Scan or photograph your worksheets and upload them AND all of your photographs on the Dropbox link that was sent to your email.*

TAX PREPARATION DIARY & PHOTO JOURNAL WORKSHEET

Thought	Action Taken	Feelings & Description/Why	Describe Photographs
<p>EXAMPLES Remember to gather forms for tax prep. appt. Thought about how much I hate taxes.</p>	<p>EXAMPLES None yet. Got a folder for my forms. Set up an appt. Called a friend for advice.</p>	<p>EXAMPLES Anxious, Excited, Proud, Dread Irritable, Crabby, Happy, etc.</p>	<p>EXAMPLES Anything that Helps show your Thoughts, Actions And Feelings. Description of photograph(s)</p>

ADDENDUM 3
IN-HOME, IN-DEPTH
INTERVIEW PROTOCOL





P+P Income Tax Discussion Guide
Twin Cites, MN

Discussion Guide

Purpose: To discuss your experiences preparing and filing your taxes – this year and in past years - so that we can develop new processes that will improve the income tax filing experience.

Introduction & Lifestyle – 8 minutes

Tell me about yourself. Where are you from? Who's in your family?

Routines: What do you do for work? How did you choose/get your job? What are your days like – walk me through a typical day/yesterday?

Entertainment: What do you like to do for fun? What are your special interests or hobbies? How do you usually spend your free time? How do you stay in touch with family/friends?

Where do you get your news?

If you need something like a product or a service, e.g. car insurance, how do you go about finding it or information about it?

Life Questions – 8 minutes (Probe financial aspects of these questions)

What's going on in your life at the moment? What is important to you?

- PROBES: financial concerns or wins, anything related to getting by/getting ahead.

Tell us about your dreams - how do you see your future? What do you hope to achieve? What are the things you can do to make your dreams a reality?

- PROBES: saving for the future? Investing for retirement? Asset building?

What are your worries and fears? What keeps you up at night?

- PROBES: Any recent financial hardship or \$\$ situation? How resolved or how will resolve?

Tax Preparation and Filing - 10 minutes

How would you compare the way you do your taxes to the way your parents/family did them when you were growing up?

Who, if anyone, taught you about money, taxes, saving, checking, or other financial considerations?

Tax Preparation - 15 minutes

How did you decide to have _____ do your taxes/do your taxes yourself? Tell me about that decision. PROBES: awareness of alternatives, key considerations: cost, time, location, past experiences, etc.

What were the best things about this year's experience? What went well?

What would have made it an even better experience?

What are all the ways you've done your taxes in the past? (PROBE: paid, free, self, friend). How did this year compare to past years. Compare these different options.

- For those aware of or have used a FREE service – ask them to compare that experience specifically and probe main reasons for not choosing a FREE option this year.

Did you receive a tax refund this year? If so, what did you do with it?

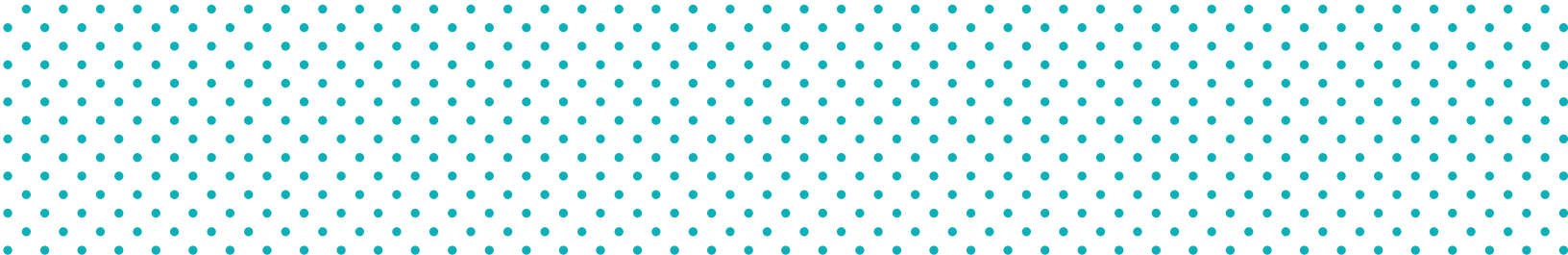
FREE Tax Preparation Service - 10 Minutes

What is your reaction to a FREE tax service? Have you ever used a service like this? Where did you hear about it?

If not used – what are your assumptions, questions or concerns with a FREE tax service?

If have used - describe your experience and compare it to what you're doing now.

ADDENDUM 4
BRAND DEBATE
LIST OF TOP REASONS TO
CHOOSE PAID VS. FREE



Paid preparer team's Top reasons it's best to use a paid preparer

Training & Experience

- Have more peace of mind it will be done accurately.
- Mean a lower risk of audit.

They claim to get you the most money back.

Rapport with tax preparer

- More comfortable sharing personal info.
- Know your family and story so also what's important/relevant to you.
- You're not starting from scratch every year (especially mom & pop locations)

Convenience

- Information in computer so save time at appointment
- Can make an appointment vs. wait in line.
- Location: usually a location near you (especially H&R Block, Liberty and Jackson Hewitt).

Privacy and security of information.

- Private cube or office.
- Accuracy is on them, not you.
- Don't worry about whose computer it is and what happens to your information afterward.

Name/reputation = deemed more trustworthy (won't be long gone if you have a problem.)

Free offers/gimmicks work—\$50/\$100 today, half off for new customers, second look, etc.

E-File means a rapid refund.

Additional products: IRA and pre-paid cards.

Less responsible if audited - the mediate with IRS for you.

P+P customer team's list

Top reasons it's best to use a free tax service

Holistic financial empowerment resource.

- Nitty gritty to long term financial health.

Prepare + Prosper make you want to listen (engaging, customizing and not condescending.)

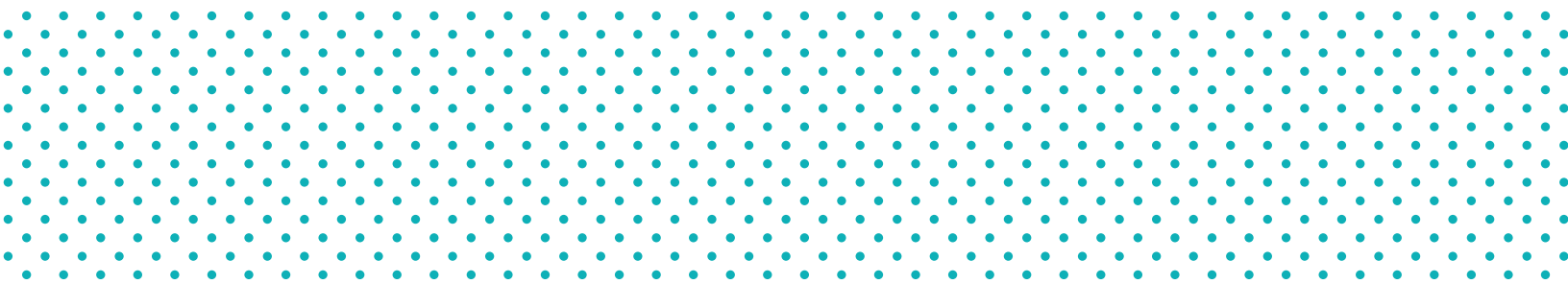
Professional and well trained, "over qualified" tax preparers.

Long-term financial coaching.

- Credit report viewing.
- Open checking accounts.

Have a sense of security and peace of mind year round.

ADDENDUM 5
NON-RETURNING
CUSTOMER SURVEY





Survey of non-returning customers in 2015

1. Did you have your taxes prepared this year?

- Yes
- No
- Not yet

Other (please specify)

2. Where did you have your taxes prepared?

- HR Block
- Jackson Hewitt
- Liberty Tax Service
- A paid preparer other than HR Block, Jackson Hewitt, or Liberty
- A did them myself online
- A friend or family member did them
- Another free tax site (please ask where and record below)

Other (please specify)

3. Why did you decide not to come back to AccountAbility Minnesota, now Prepare + Prosper?

- The location/tax site was too crowded and chaotic
- The location/tax site was dark and/or not very clean
- I felt there wasn't enough privacy when talking to the tax preparer
- I didn't have confidence in the skills of the person who did my taxes
- My taxes were more complicated this year than they were before
- I wanted to go somewhere where I could get an appointment in 1-2 days
- I decided to do them myself

Other (please specify)

4. Can you tell me more about that -- why you chose not to come back?

5. Did you feel that you were treated with respect when you went to AccountAbility Minnesota, now Prepare + Prosper, to get your taxes prepared?

- Yes
- No

6. If NO: Do you recall what happened to make you feel like you weren't treated with respect?

7. Please rate the quality of service you received on a scale of 1 to 5 -- one being excellent and 5 being very poor.

- | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Excellent | Very Good | Adequately
Good | Somewhat
poor | Very Poor |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Other (please specify)

8. Did you use our financial services (like open a savings account or have your credit report pulled) when you got your taxes prepared?

- Yes
- No
- I don't remember

Other (please specify)

9. What matters to you most when choosing a tax preparer?

- Experience
- Preparer has special tax training
- Preparer keeps up to date on special tax rules
- Preparer knows me and my tax history
- Company has been in business for a long time
- Company has year-round service
- Company will help me if there is a problem with my taxes

Other (please specify)

10. If we offered financial services all year-round -- like helping you with your credit or other financial goals -- would you come to us for that alone?

- Yes
- No
- I'm not sure

Other (please specify)

11. Is there anything we could do to improve the experience you had and might have in the future, should you return to us for service?

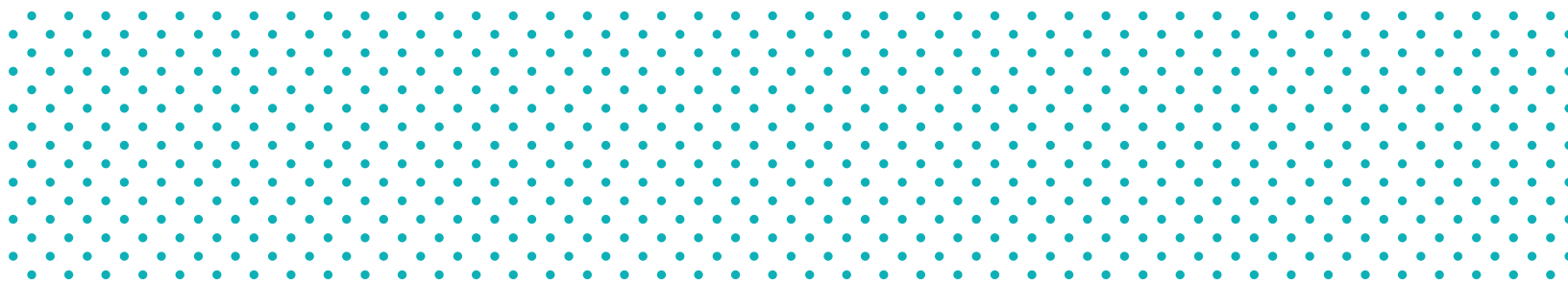
12. Would you come back to Prepare + Prosper to have your taxes prepared?

- Yes
- No
- I'm not sure

Other (please specify)

13. Do you mind if my boss follows up with you if she has any questions? [If yes, enter first and last name]

ADDENDUM 6
MESSAGE TESTING
COMPETITIVE ANALYSIS



Competitive Messaging Review

July 23, 2015

Competitive Review – Executive Summary

- All competitors provide a range of messages throughout the season, emphasizing a laundry list of benefits – some messages build brand equity, others are tactical and promotional
- Each brand owns a color and uses the color consistently to build brand recognition. HRB = Green (the color of money). Turbo Tax = Blue. Jackson Hewitt = Red
- H&R Block’s highest order messaging is “trust” and “assurance.” This is an emotional appeal and a critical element in the decision of which service to use. Their imagery focuses on their iconic spokesperson
- Turbo Tax owns “free” and “max refund.” Their messaging and imagery is the most upscale of the 3 competitors
- Jackson Hewitt stresses “value.” They use promotions to support this positioning. Comparatively, JH’s imagery is the most diverse and inclusive

Competitive Review – Implications

- Prepare + Prosper’s rebranding and brand guidelines are very strong. As the opportunity arises, collateral materials should be redesigned to catch up to the competition by establishing a dominant, consistent look/feel
- Imagery depicting a diverse set of customers/preparers will set P + P apart from HR Block and Turbo Tax and communicate: “for people like me”
- Jackson Hewitt’s preparer recruiting campaign is fun and playful but at the same time gives reassurance to customers, P+P should consider a website section or page (“About our Tax Prep Volunteers”) or a flyer with similar messaging
- P + P’s research and our July workshops point to the need to “reassure” potential customers with an overarching “got your back” message. Similarly H&R Block’s messaging ladders up to trust. As we move forward we should work in this direction, cognizant of the need to differentiate from H&R Block

H&R Block

GET YOUR PIECE OF THE
**BILLION
BACK**
CALIFORNIA

**H&R
BLOCK**
HRBLOCK.COM

RICHARD GARTLAND
TAX PROFESSIONAL

3723 Avocado Blvd, La Mesa | 619-660-1029
13881 Campo Rd 2A, Jamul | 619-669-6980

© 2011

Detailed description: This is a promotional advertisement for H&R Block in California. It features a black and white photograph of Richard Gartland, a tax professional, wearing a dark suit, a white shirt, and a green polka-dot bow tie. He is adjusting the bow tie with both hands. The background is black. The text is primarily in white and green. The main headline is 'GET YOUR PIECE OF THE BILLION BACK CALIFORNIA'. The H&R Block logo is in the top right. Contact information for two locations is at the bottom.

GET YOUR
PIECE OF THE
**BILLION
BACK**
ATLANTA

RICHARD GARTLAND
TAX PROFESSIONAL

**H&R
BLOCK**
HRBLOCK.COM

LOCATED ON THE 2ND FLOOR, NEXT TO SEARS, ■ 404-387-2500

Detailed description: This is a promotional advertisement for H&R Block in Atlanta. It features a black and white photograph of Richard Gartland, a tax professional, wearing a dark suit, a white shirt, and a green polka-dot bow tie. He is adjusting the bow tie with both hands. The background is black. The text is primarily in white and green. The main headline is 'GET YOUR PIECE OF THE BILLION BACK ATLANTA'. The H&R Block logo is in the bottom left. Location and contact information are at the bottom.

Main message – assurance/trust we'll get you as much as we can, the max you qualify for, i.e., your fair share of the billion



Main message – trust and assurance that our people are qualified and know what they are doing

File Free Online
Get your maximum refund at maximum speed.



H&R BLOCK
At Home™

Start Now

More | guidance
deductions
refunds

Online tax prep
now 15% off.

H&R BLOCK
At Home™

Online Banner Ads

Main message –Free/Cheap – max refund, fast

PAY NOTHING OUT OF POCKET
with a Refund Anticipation Check*



With our Refund Anticipation Check, your fees are deducted from your tax refund. It's an easy and convenient way to get all the money you deserve without having to pay up front.

4637 S Mason St, Ste A6
(SW corner of College & Harmony)
970-223-3011

2567 S Shields St, Ste 4E
(NW corner of Shields & Drake)
970-224-2305

1630 N College Ave, Ste A
(SE corner of N College & Wilcox)
970-490-1950

\$30 OFF
TAX PREPARATION

Valid at participating tax offices for an original 2014 personal income tax return. Discount may not be used for item 1042 or combined with any other offers or promotions. %age of form filed is based on your personal tax situation and IRS rules/regulations. Void if tax returned and where prohibited. Coupon must be presented prior to completion of initial tax office interview. No cash value. Expires 4/30/15. ©2014 H&R Block, Inc.

Code: 26079



H&R BLOCK®
NEVER SETTLE FOR LESS™

Main message – promotional - pay nothing out of pocket says can be interpreted as “free”

Tax Preparation Service

- ☐ Accurate and affordable service year-round
- ☐ Experienced, trained tax professionals
- ☐ Convenient evening and weekend hours
 - ☐ Audit assistance
 - ☐ Electronic filing

Crystal Shopping Center
135 Willow Bend
Crystal • 763-537-7185
www.hrblock.com



H&R BLOCK®

**H&R
BLOCK®**

COMPLICATED
TAXES?
**BRING
IT ON.**

Taxes are complicated. Getting your taxes done isn't enough – you need your taxes done right. That's where we come in. We hire and train the most qualified tax professionals to ensure you claim every credit and deduction you deserve so you get your maximum refund. **Guaranteed.¹**



471. S. Main St, Altaville, CA 95221
209-736-0474



H&R BLOCK®

HRBLOCK.COM

¹If you discover an H&R Block error on your return that entitles you to a larger refund (or smaller tax liability), we'll refund the tax prep fee for that return. Refund claims must be made during the calendar year in which the return was prepared. *Valid at participating U.S. offices and through Block Live for an original 2014 personal income tax return for new clients only. Discount may not be used for Form 5402EZ or combined with any other offer or promotion. Type of form filed is based on your personal tax situation and IRS rules/regulations. Void if transferred and while prohibited. Coupon must be presented prior to completion of initial tax office interview or through Block Live. A new client is an individual who did not use H&R Block office services or Block Live to prepare his or her 2013 tax return. No cash value. Valid from January 1, 2015 - April 15, 2015. GSTP#B3666 ©2014 H&R Block Tax Group, Inc.

Main Message – laundry list – ladders up to trust

Turbo Tax

Zero hidden costs

1040EZ/A

AbsoluteZero

\$0 Fed

\$0 ^{NEW} State

\$0 To File

intuit
TurboTax  Federal Free Edition

Main Message – Free means free, no hidden costs

For the first time ever!
You can start and finish your taxes absolutely free.

Zero hidden costs

1040EZ/A

AbsoluteZero

\$0 Fed

\$0 ^{NEW} State

\$0 To File

Sign In Today



File your federal taxes for **FREE**, and get your biggest refund, guaranteed.

- with live expert tax answers

TurboTax ✓
with **intuit.**

Prepare, print & e-file **FREE** ▶

intuit.
TurboTax ✓

Get Started Products & Pr

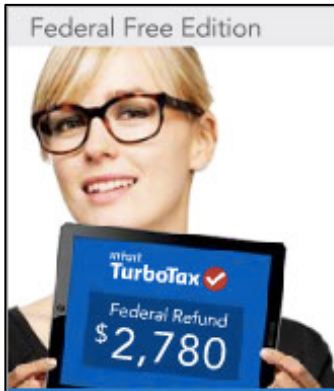
Finish now and get your **biggest** tax refund



Online Banners

Main Message –
FREE, max refund

Federal Free Edition



Maximum refund, guaranteed.
File for **FREE.**

intuit.
TurboTax ✓

Prepare, print & e-file Free

intuit.
TurboTax ✓

Tips For Getting Your Maximum Refund



from **intuit**

PRIMARY ACCOUNT
No. 230982

TO THE ORDER OF
Emily Cobb
Main Street
Minneapolis, MN 55409

AMOUNT DUE
\$139.70 USD

ON TOP OF MY FULL-TIME JOB, I'M A FULL-TIME MOM.

TURBO TAX

Keep more of your hard-earned money. With TurboTax.
Working parent needs to stretch every dollar. And that's why TurboTax has a personalized interview that helps you get those deductions and credits specific to your situation. Like taking a credit for childcare costs. Or claiming a credit for college education expenses. It's one more way we help you get back every penny you deserve. Try it for free at TurboTax.com.

TurboTax
The power to keep what's yours.™

Scan to use SnapTax on mobile.

We've made taxes so simple, you can do them on your phone. Welcome to the future.

With experts like Alan, you'll know you can do your taxes right.

At TurboTax, we're constantly finding new ways for you to do your taxes. Just take Alan Tifford's latest invention. As our Product Interaction Designer, Alan helped create SnapTax, a smartphone app that snaps a picture of your W2, and automatically imports your info into the proper forms. How's that for precision? And since we guarantee all calculations are accurate, and your refund is the most you're eligible for, you can feel confident your taxes are done right. Try TurboTax Online on your mobile or tablet today.

TurboTax
TurboTax.com

Download the SnapTax app on the App Store or Google Play.

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Print Ads

Main Message –max refund made simple for busy (White) people like me

TurboTax guides you like a GPS to your maximum refund.

My job search expenses deduction
\$144

Job change
My moving deduction
\$2,200

My donation deduction
\$750

My mortgage interest deduction
\$7,500

Refund
\$2,298

Guidance that gets you where you need to be.
Let TurboTax show you the way to your maximum refund, guaranteed. Its unique EasyGuide™ feature helps guide you like a GPS to every deduction and credit you deserve. And calculations are guaranteed 100% accurate. Try TurboTax Online now at TurboTax.com. You don't pay unless you're satisfied with the results.

TurboTax
Choose Easy.

Amounts listed are estimates based on typical consumer tax situations. Your results depend on your individual tax situation. Accurate calculations. Maximum refund money-back and Satisfaction guarantee details at TurboTax.com.
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*For Danielle,
work is more than a paycheck.
It's 22 trips to the art store.
It's 5 pieces sold on opening night.
And it's 1 flight to Paris as a reward.*

*That's why we give her
the power to get more back.*

However you earn your money, TurboTax helps you keep more of it.
TurboTax asks simple questions about your unique situation. Helping you find every deduction, credit and penny you deserve. Try it for free at TurboTax.com.

TurboTax
Federal FREE Edition

Print Ads

Main Message –max refund made simple for busy (White) people like me

Jackson Hewitt



\$25 Tax Preparation
off Simply present this offer to your Jackson Hewitt® tax preparer and **SAVE \$25** on income tax preparation!

Offer valid on tax preparation fees only. Does not apply to financial products, online tax preparation product or other services. Present coupon at time of tax preparation. Valid at participating locations only and may not be combined with other offers. Most offices independently owned and operated.

EXPIRES 12/31/11. COUPON CODE:

Main Message –
Comparatively, the best value in tax prep



\$50 Dare to Compare
Switch to Jackson Hewitt and pay **\$50 less** than you paid someone else to do your taxes last year*

*A new client is a person who did not have his /her taxes prepared at Jackson Hewitt™ last year. Offer valid for tax preparation fees paid of \$150 or more. Proof of last year's tax preparation fee required. Does not apply to an amendment or extension. Product fees excluded. Valid at participating locations only and may not be combined with any other offer. Most offices are independently owned and operated.

EXPIRES 12/31/11. COUPON CODE:



Express Refunds
Free Audit Assistance
Accuracy Guarantee

Call us Today!

515-555-1111

**Online
Banners**

**Main
Message –
Fast, accurate
and backed
up**



Print Ads

Main Message – implies maximum refund – so big you'll dance for joy

Quality Tax Prep Right in Your Neighborhood!

Jackson Hewitt's How You Do ItSM

Let our tax pros help you!

- FREE electronic filing
- FREE Accuracy Guarantee with every paid return*
- No appointment necessary

4824 W. Forest Home Ave., Milwaukee, WI

414-375-9104
1-800-234-1040

 **JACKSON HEWITT[®]**
TAX SERVICE



*Terms and conditions apply. Ask your tax pro for details.
Most offices are independently owned and operated.

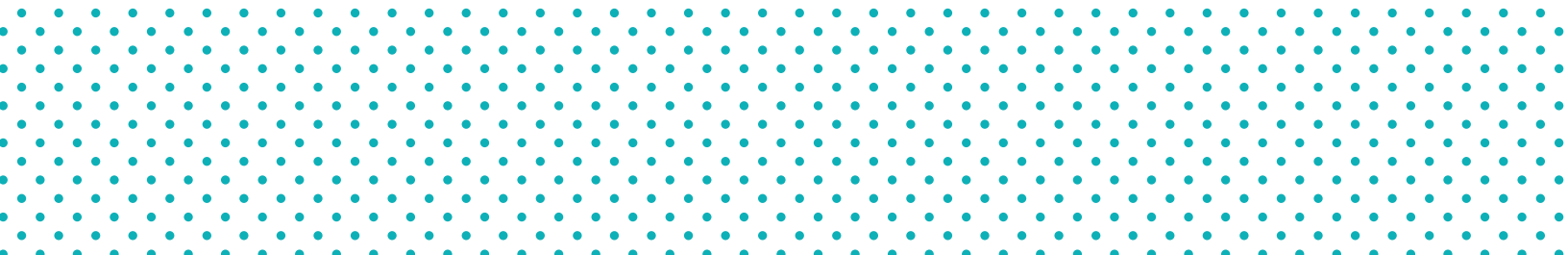
Newspaper?

Main Message –
High quality
(accuracy
guarantee) and
convenient (no
appointment, free)



Jackson Hewitt Tax Preparer Recruiting Campaign

ADDENDUM 7
MESSAGE TESTING
MESSAGE MOCK-UPS



free
TAX
preparation
+ more

- + savings accounts
- + prepaid cards
- + credit reports



PREPARE + PROSPER
FORMERLY KNOWN AS ACCOUNTABILITY MINNESOTA

Tax Season. No Problem.

"For years, Prepare + Prosper has helped me maximize my refund. I wouldn't trust anyone else, and it's free!"
—Lola, Prepare + Prosper customer



PREPARE + PROSPER
FORMERLY KNOWN AS ACCOUNTABILITY MINNESOTA

Trained + Certified = Maximum Refund

Our tax prep volunteers are passionate about taxes, they take hours of training and pass an IRS test. That means you can count on getting the maximum refund.



PREPARE + PROSPER
FORMERLY KNOWN AS ACCOUNTABILITY MINNESOTA

Tax Time. Do a Happy Dance

For over 40 years, Prepare + Prosper's highly trained volunteers have been passionate about doing taxes. They help people like you get the maximum refund.



PREPARE + PROSPER
FORMERLY KNOWN AS ACCOUNTABILITY MINNESOTA

With us, Free means free.

With us, you won't spend a percentage of your refund to get your taxes done; there are no hidden fees. We offer free services by IRS certified volunteers who know how to maximize your refund.



PREPARE + PROSPER
FORMERLY KNOWN AS ACCOUNTABILITY MINNESOTA

We've got your back!

Prepare + Prosper uses only highly trained specialists.

We protect your data and have a special reviewer check your return. Plus, we offer audit assistance, we're here at tax time or anytime.



PREPARE + PROSPER
FORMERLY KNOWN AS ACCOUNTABILITY MINNESOTA

Get Expert Tax Prep, for Free

Whether your return is simple or complicated, you can count on us. Our tax preparers are trained and certified. Plus, we protect your data and offer year round audit assistance.



PREPARE + PROSPER
FORMERLY KNOWN AS ACCOUNTABILITY MINNESOTA