

2024 Business Owner Report





Letter from **Sharon Miller**, President, Small Business,
Head of Specialty Banking and Lending and **Raul Anaya**,
President of Business Banking

We are pleased to introduce the 2024 Bank of America Business Owner Report. This year, we combined our annual small business owner insights with mid-sized business owner insights to create a comprehensive report that explores the perspectives, aspirations and future outlooks of business owners across the country. It has been a pleasure working together to get a more comprehensive overview of the state of businesses across the U.S.

From a small business lens, more than half of small business owners said their revenues were higher in 2023 than in 2022. As they look to the year ahead, their optimism is holding strong, with nearly two-thirds of small business owners expecting their revenues to increase over the next 12 months.

Small business owners' economic concerns have also mostly decreased, although hesitations around certain factors have remained elevated since last spring. Notably, concerns around a potential recession and supply chain issues are each down 16 percentage points – a significant decrease and testament to their assurances for growth and success in the year ahead. However, with uncertainty around broader macroeconomic factors, small business owners are tempering their plans to expand their businesses, hire more employees and obtain funding.

From a mid-sized business perspective, most business owners are optimistic, with 80% planning to expand their business and 69% planning to hire more employees in the coming year. These business owners maintain a positive business outlook, and 87% believe their revenues will increase over the next year.

However, mid-sized business owners are also concerned about how certain macroeconomic factors could impact their businesses over the next 12 months, including inflation, supply chain issues and consumer spending. Despite these uncertainties, they are making long-term plans to maintain a healthy business: 93% of mid-sized business owners plan to obtain funding to invest in new technology and equipment, expand operations and address staffing needs; and 54% plan to apply for a bank loan or line of credit.

Overall, we are continuously impressed by business owners' ability to successfully manage, sustain and expand their businesses while investing in their bright futures. At Bank of America, we remain committed to providing business owners with the resources they need to grow and achieve their entrepreneurial dreams.

Methodology

Ipsos conducted the 2024 Bank of America Business Owner Report survey online between March 4 and March 28, 2024 using a pre-recruited online sample of small business owners. Ipsos contacted a national sample of 1,038 small business owners in the United States with annual revenue between \$100,000 and \$4,999,999 and employing between two and 99 employees. In addition, approximately 250 small business owners were surveyed in each of ten target markets: Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, Miami, New York, San Francisco and Washington, D.C. The final results for the national and designated market area segments were weighted to national benchmark standards for size, revenue and region.

Ipsos also interviewed a national sample of 377 medium-sized business owners in the United States with annual revenue between \$5,000,000 and \$49,999,999 and employing between two and 499 employees. The final results for this national segment and a combined sample of the small and medium-sized business owners were weighted to national benchmark standards for size, revenue and region.

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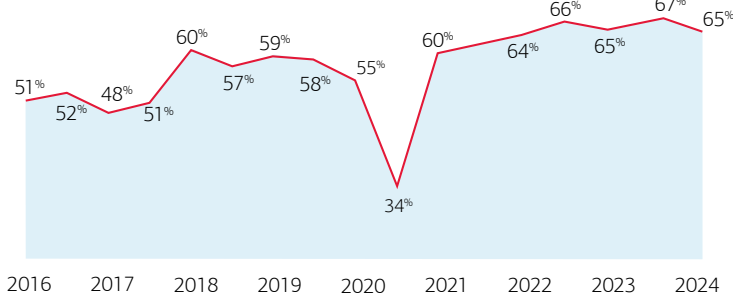


Business & Economic Outlook

Small business owners revenue expectations have held steady since last spring, following higher revenue in 2023 than in 2022.

Over the next 12 months...

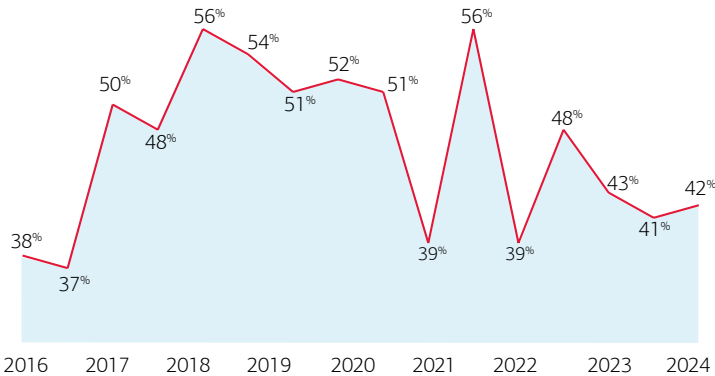
I expect my revenue to increase



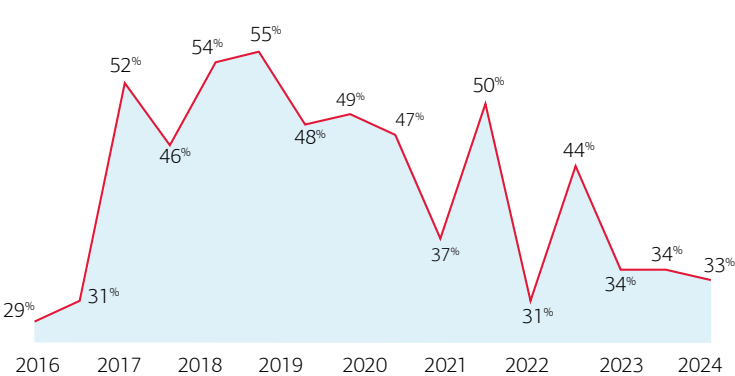
55%
of small business owners said their revenue was higher in 2023 than in 2022.

Economic confidence has held flat since last spring.

My local economy will improve



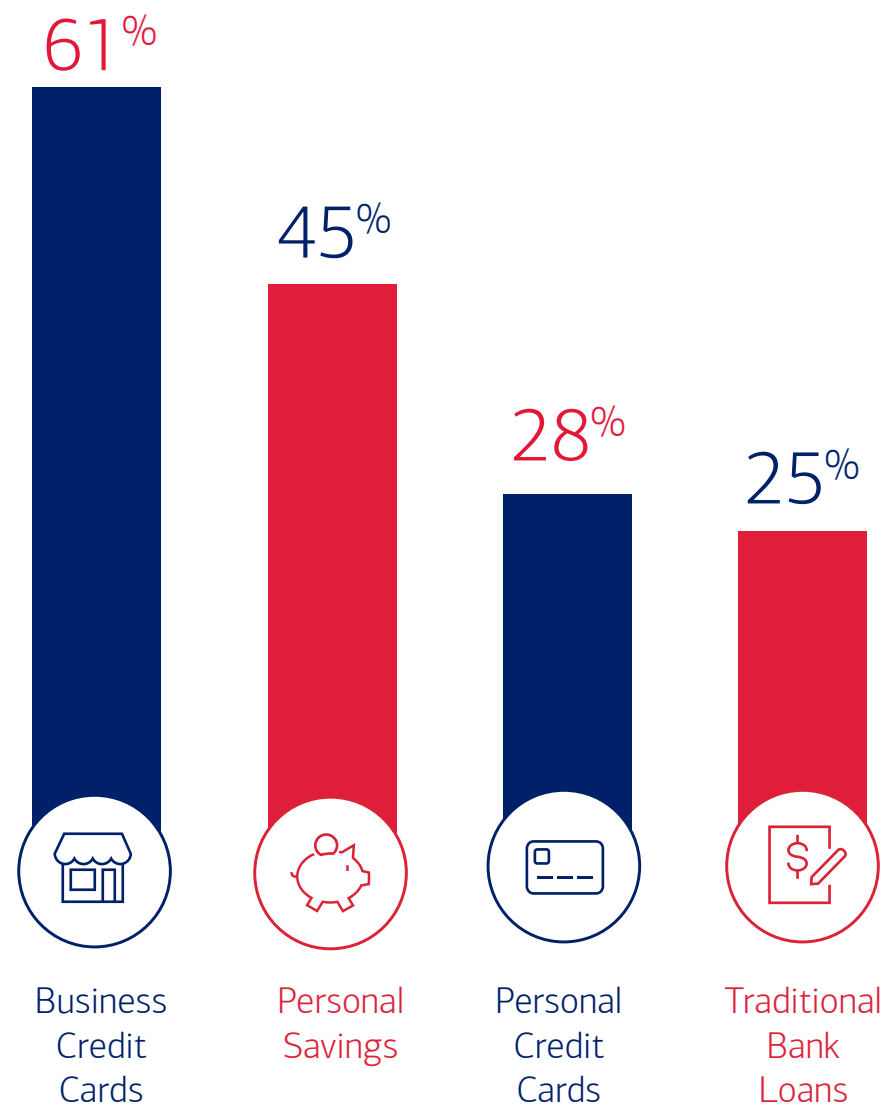
The national economy will improve



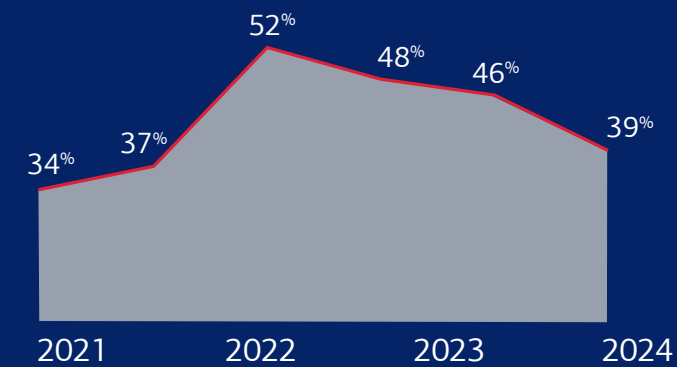
Given the uncertain economic landscape and upcoming presidential election cycle, many small business owners are in a holding pattern for 2024. Their plans to obtain funding, expand and hire more employees are down since last spring.

In the year ahead, **71%** of small business owners plan to obtain funding for their business, down from 82% last spring.

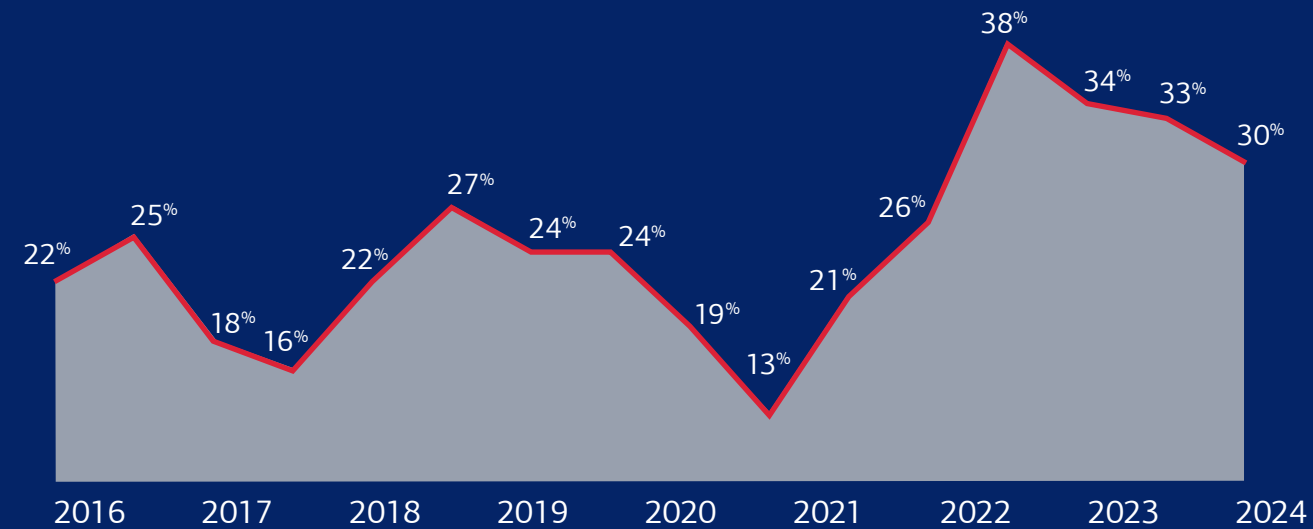
Of those, the top funding choices are:



39% of small business owners plan to expand their business over the next year, down 9 percentage points from last spring.



30% of small business owners plan to hire more employees over the next 12 months, down 4 percentage points from last spring.



16% of small business owners plan to apply for a bank loan or line of credit this year, down 8 percentage points from last spring.





Economic Concerns

Small business owners’ concerns remain elevated around key economic factors such as inflation, higher interest rates and commodities prices, but are slightly down since last spring. Concerns around a recession and supply chain issues are down significantly this year.

| | | Percentage Point Change Since Spring 2023 | |
|-----------------------------------|-----|--|--------|
| 2024 U.S. presidential election | 78% | – | N/A |
| U.S. political environment | 75% | ▲ | +7 PP |
| Inflation | 73% | ▼ | -6 PP |
| Health care costs | 69% | ▲ | +8 PP |
| Interest rates | 63% | ▼ | -4 PP |
| Commodities prices | 61% | ▼ | -7 PP |
| Recession | 56% | ▼ | -16 PP |
| Strength of the U.S. dollar | 53% | ▼ | -4 PP |
| Corporate tax rates | 52% | – | – |
| U.S. and/or global stock market | 50% | ▼ | -7 PP |
| Consumer spending | 49% | ▼ | -5 PP |
| Labor shortages/hiring challenges | 44% | ▲ | +3 PP |
| Supply chain | 41% | ▼ | -16 PP |
| Climate change | 37% | ▼ | -8 PP |
| \$15 federal minimum wage | 37% | – | – |
| Credit availability | 34% | ▼ | -7 PP |
| Social/racial inequality | 31% | ▼ | -4 PP |



The top concerns that increased this year are around the U.S. political environment and health care costs.

61% of small business owners are expecting impacts to their business from the 2024 U.S. presidential election, such as:



Increases in sales



Increases in business costs



Having to raise prices



Inflation, Pricing Impacts & Interest Rates

While concerns around inflation slightly declined from last spring, small business owners are proceeding with caution as inflation and higher interest rates continue to drive operational changes and price increases.

84% say inflation is currently impacting their business, down from 88% last spring.

Due to the impacts of inflation, they are:



Raising prices
68%



Reevaluating cash flow and spending
40%



Increasing employee wages
30%



Losing sales
29%



Reducing business costs
27%

68% of small business owners say they've raised their prices over the past 12 months and, on average, they have raised prices by 12%.

40%
Expect interest rates to decline



34%
Expect interest rates to rise

26%
Expect interest rates to stay the same



Driving Customer Engagement

Small business owners prioritize providing a unique customer experience and humanizing their business through personalized interactions, requesting feedback and building brand awareness.



Of those, the most popular methods are:



Personalized
customer
interactions

80%



Implementing
customer
feedback

48%



Direct marketing
(digital ads, direct mail,
email newsletters)

38%



Frequent
sales and
discounts

27%



Hosting
community
events

24%

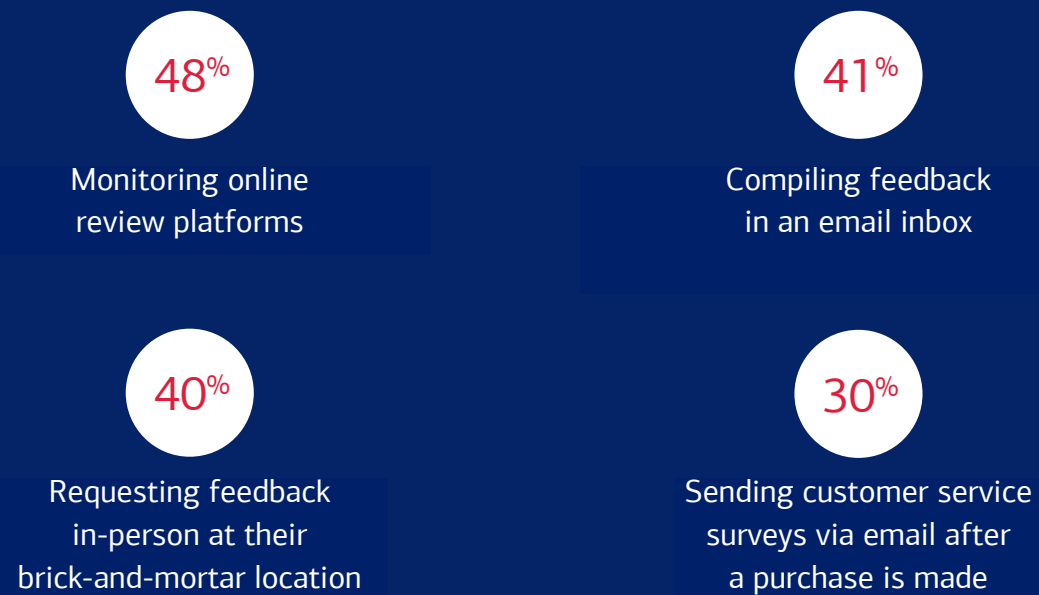


Loyalty/
rewards
programs

23%



Of those, the most popular methods are:



Small business owners are aware of the benefits of building brand awareness and using social media to interact with their customers and key stakeholders.



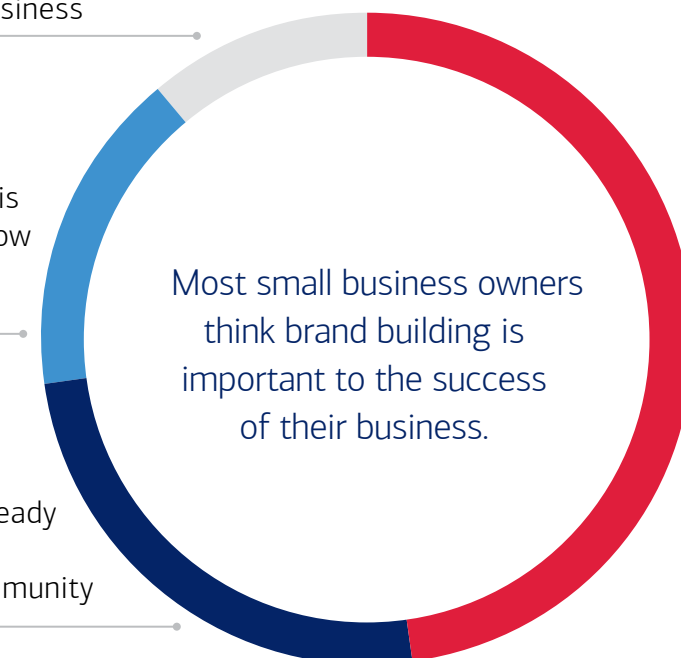
Of those, they use social media channels to:



11%
do not think branding is important to the success of their business

16%
think brand awareness is important, but don't know how to build it for their business

25%
think their business already has effective brand awareness in their community



48%
ensure they're creating a consistent external brand for their business

Sustainability

More small business owners are implementing sustainable business practices compared to last spring, but they are running into a variety of roadblocks as they integrate sustainability into their operations.



Of those, the most common practices are:



68%
Minimizing
paper use



57%
Establishing more
environmentally friendly
habits, such as recycling
and limiting plastic usage



30%
Offering a hybrid
work structure for
employees to reduce
transportation needs



25%
Working with
sustainable vendors/
suppliers

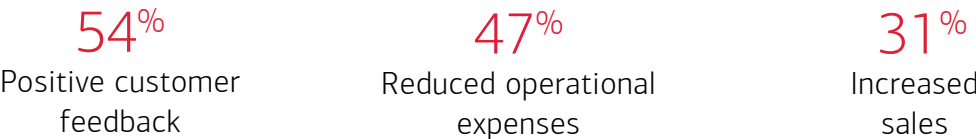
Small business owners are motivated to implement sustainable business practices because they:



Of those who have implemented sustainable business practices, 69% have experienced challenges, including:



Of those, they measure success through:



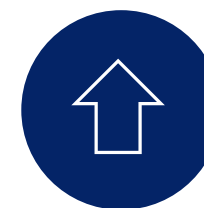


Remaining Profitable

Most small business owners surveyed said their business was profitable, but that often comes with personal and professional sacrifices.



Of those, the tradeoffs include:



47%

Increasing prices



45%

Working more hours



32%

Reducing their own salary



24%

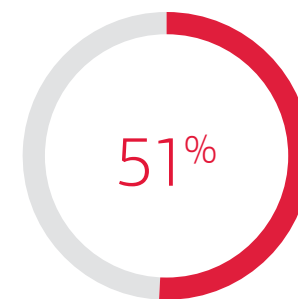
Reducing marketing costs

Digital Transformation

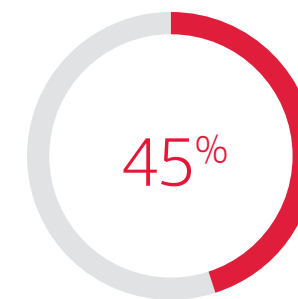
Small business owners are adopting digital tools to future-proof their businesses.

71% of small business owners have digitally optimized their business and operations over the past 12 months.

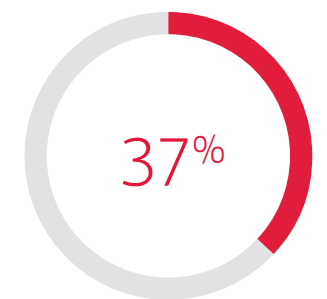
Of those, they have:



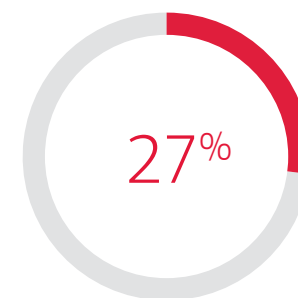
Conducted business banking online or in mobile apps



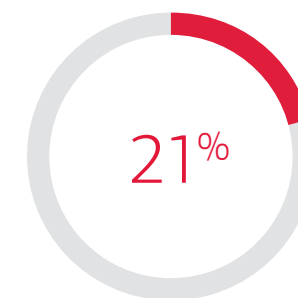
Accepted more forms of cashless payments at their business



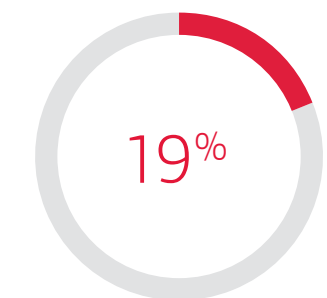
Created and/or bolstered their social media presence



Implemented more digital-first marketing strategies

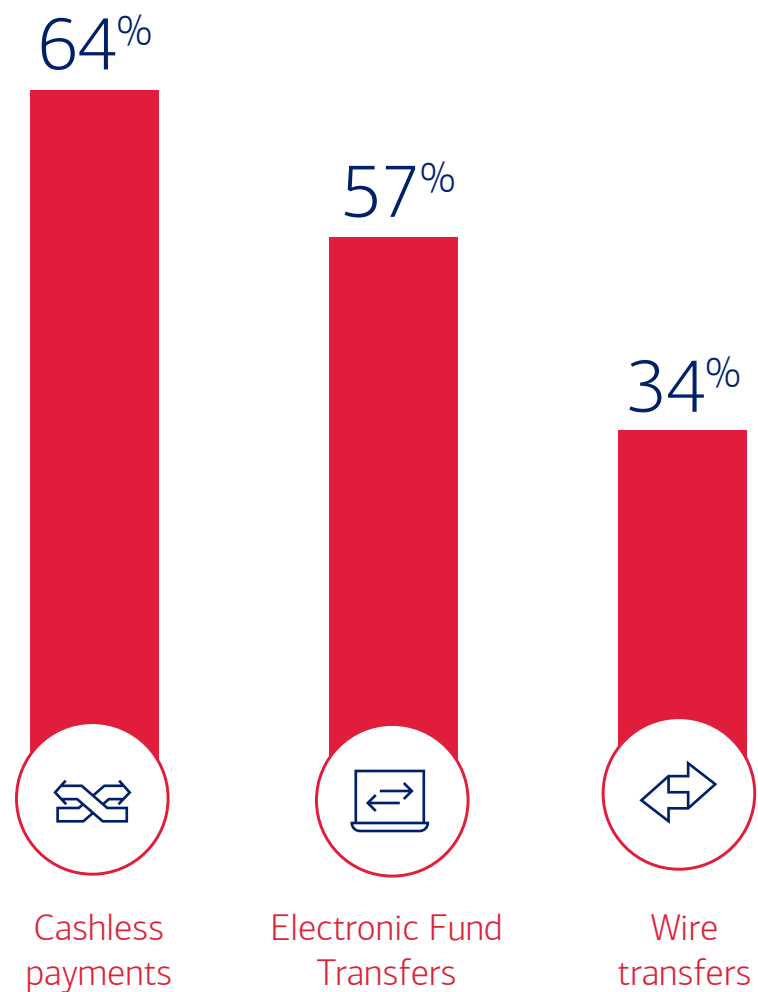


Added cybersecurity measures to their business



Used a cloud-based platform

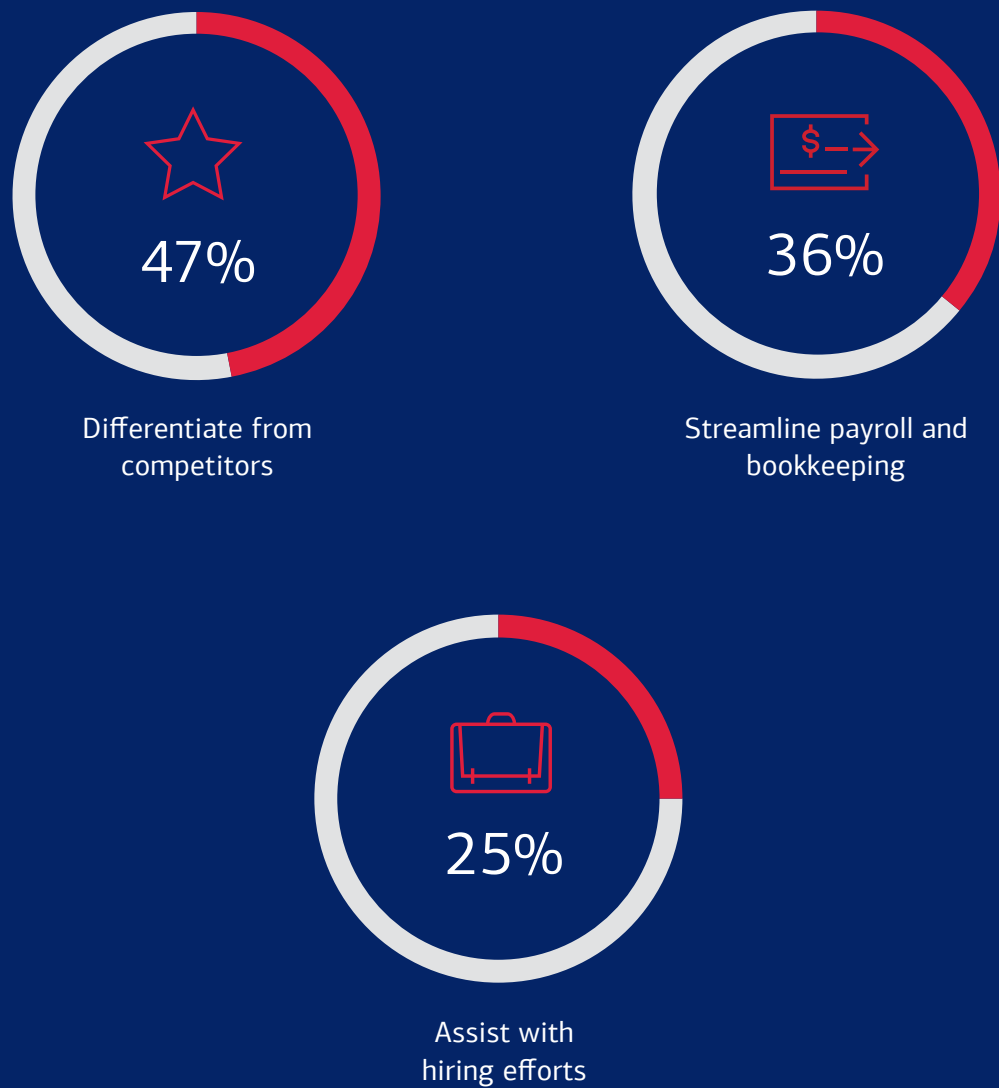
81% of small business owners currently accept digital payments at their business, with those types of payments including:



However, some small business owners are reluctant to move toward an all-digital payment future. **Only 39% anticipate that all payments at their business will eventually become digital**, down from 55% last spring.

37% of small business owners plan to use AI in 2024, a 12 percentage point drop from last spring.

Of those who plan to implement AI, the most popular uses are to:





Business & Economic Outlook

Mid-sized business owners maintain a positive business outlook.

Over the next 12 months they:

2024 | Believe their revenue will increase 87%

2023 | Believe their revenue will increase 75%

2024 | Plan to expand their business 80%

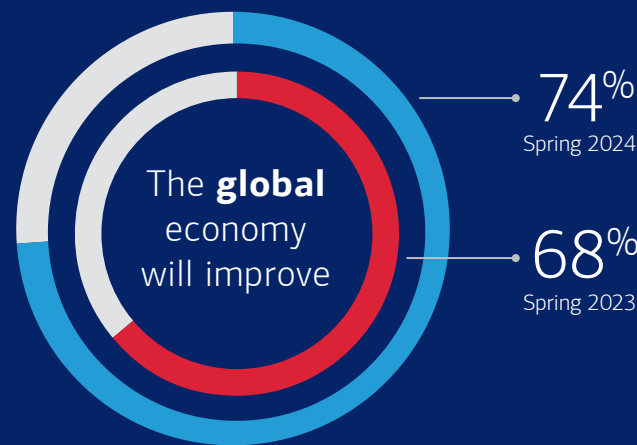
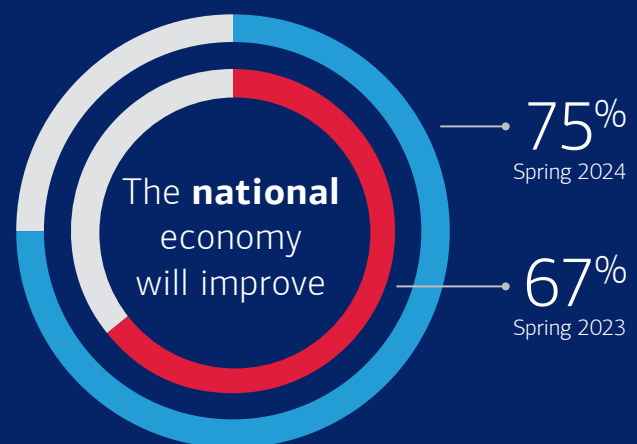
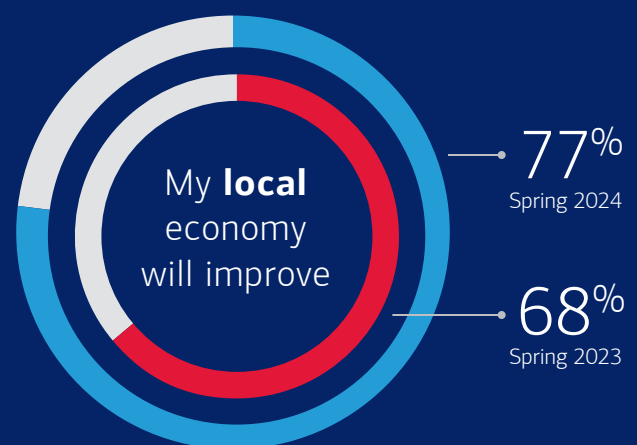
2023 | Plan to expand their business 75%

2024 | Plan to hire 69%

2023 | Plan to hire 71%

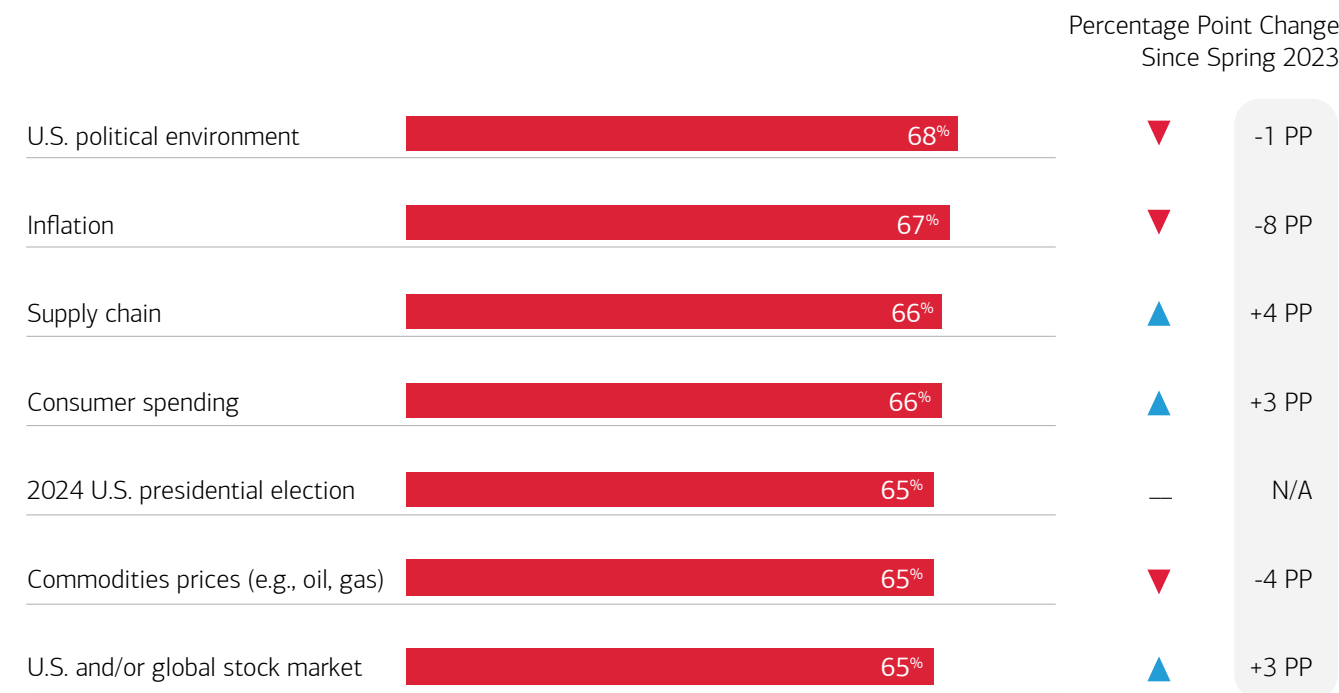
 84% of mid-sized business owners said that **revenue was higher in 2023** than in 2022.

Mid-sized business owners are confident that economies will improve.



However, mid-sized business owners remain concerned about inflation, the U.S. political environment and presidential election, and consumer spending.

Concerns in the next 12 months:



While mid-sized business owners are slightly less concerned about inflation than at this time last year, **90%** still say that inflation is currently impacting their business.

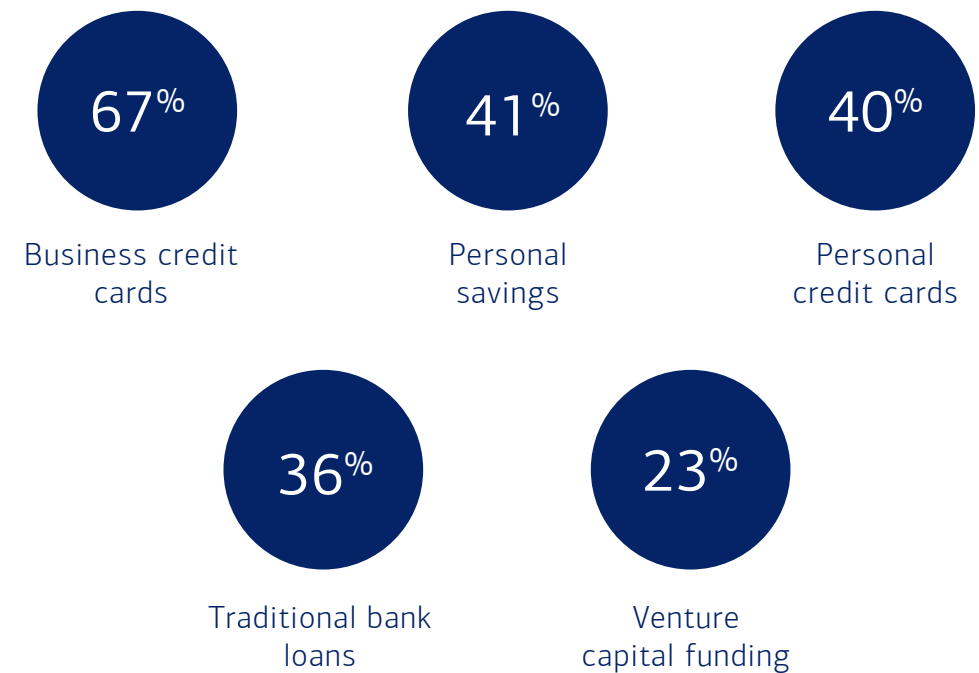
78% of mid-sized business owners say that supply chain issues are impacting their business, down significantly from 92% last spring.



Seeking Funding & Expertise

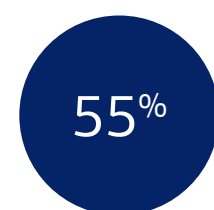
93% of mid-sized business owners plan to obtain financing for their business in the year ahead.

Of those, their top sources of funding are:

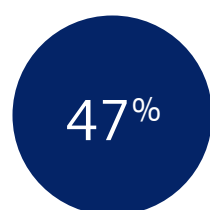




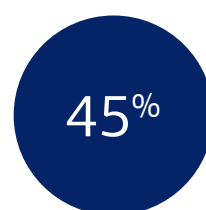
Of those, they plan to use financing to:



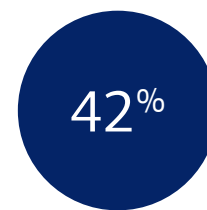
Invest in new technology



Invest in new equipment

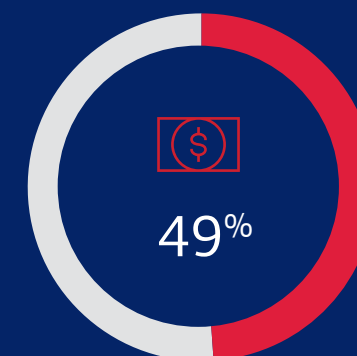


Expand operations

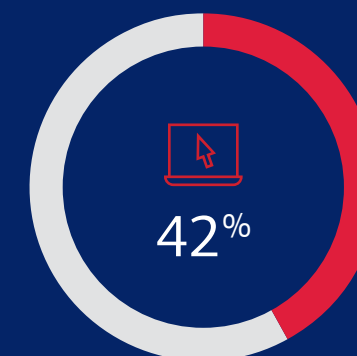


Address payroll/staffing needs

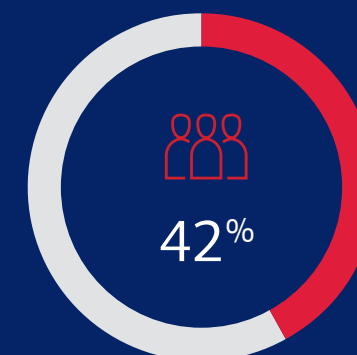
In the next 12 months, mid-sized business owners plan to seek advice from a business banking expert on the following topics:



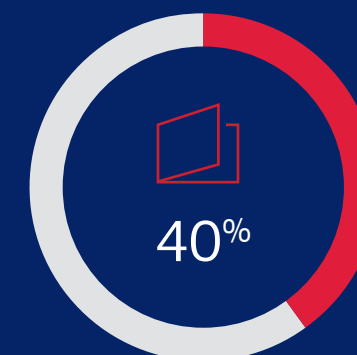
Optimizing cash flow



Creating efficiencies with digital tools



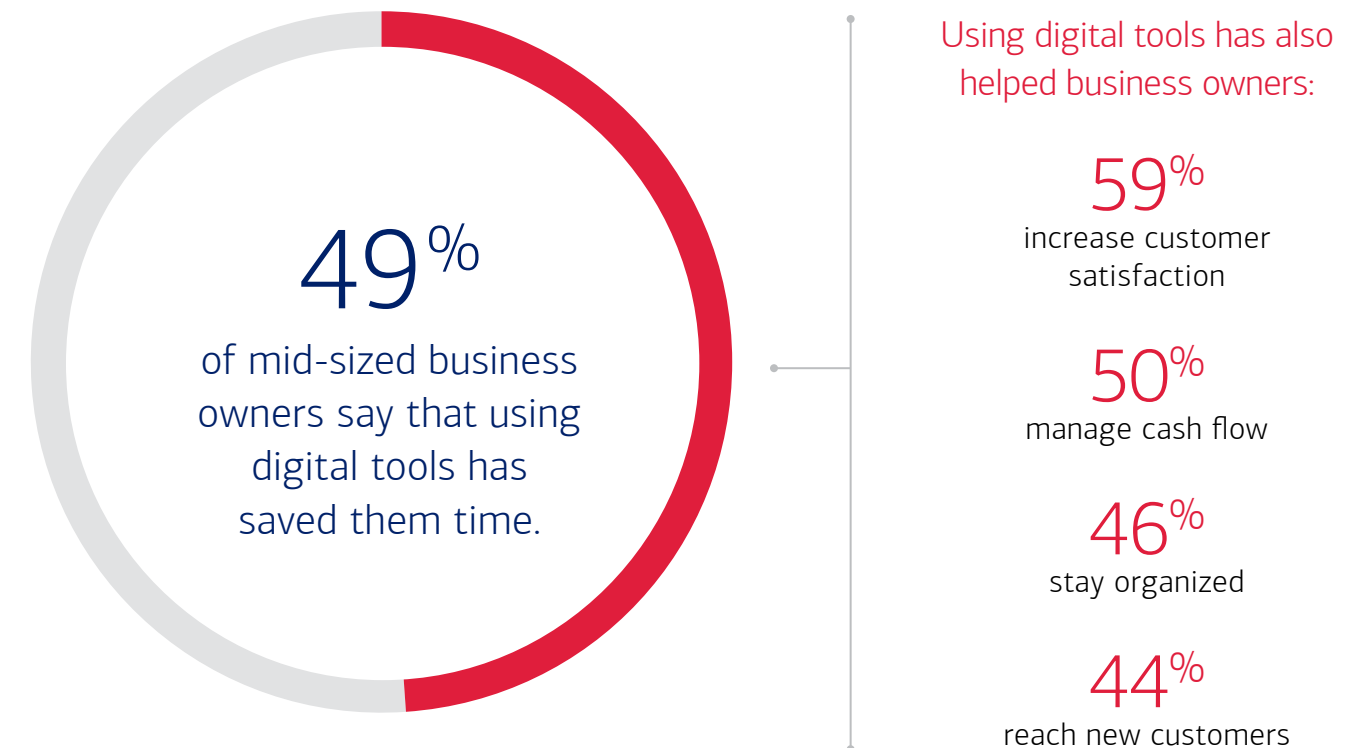
Attracting and retaining talent



Sustainable business practices

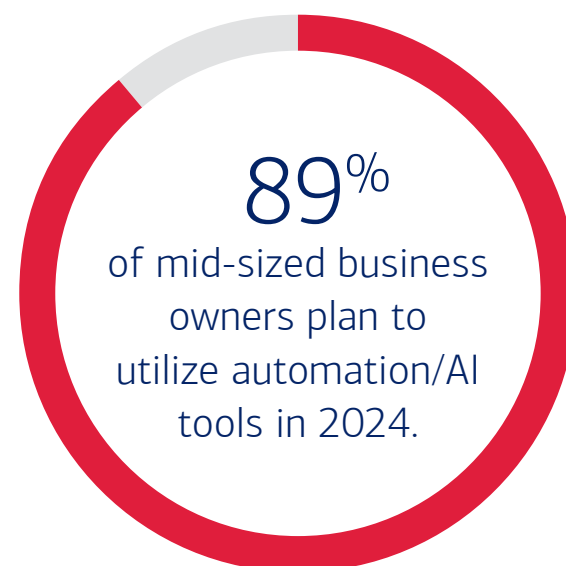
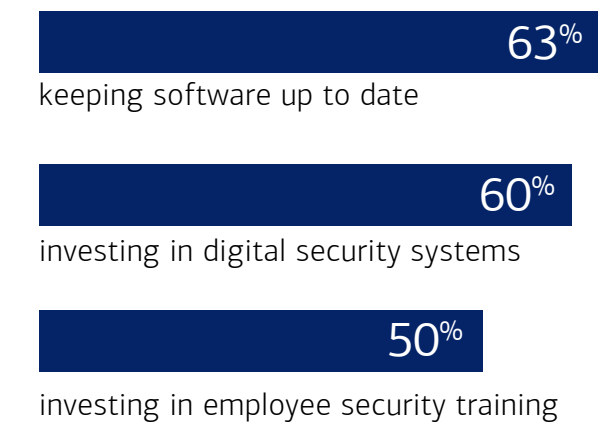
Digital Transformation

Businesses that implement digital strategies experience positive outcomes and higher overall efficiency. **99%** of mid-sized business owners have adopted digital strategies to optimize their business and operations over the past 12 months, an increase of 9 percentage points since last spring.





Of those, they are:



They plan to use these tools to:





Sustainability

95% of mid-sized business owners say that their business is committed to sustainable business practices.



have established more environmentally friendly habits in their work environment (i.e., recycling, limiting plastic use or single-use items, using energy-saving settings on technology, purchasing energy-efficient equipment, etc.).

Business owners are motivated to implement sustainable business practices because of:



Of mid-sized business owners who have implemented sustainable business practices, 84% have experienced challenges, including:

