

District Data Brief

Key Takeaways from the Business Outlook and Trends Survey

Carol Moseley, Brooke Dirtzu, Julianne Dunn, Russell Mills
April 17, 2025

Introduction

The Business Outlook and Trends Survey (BOTS) is a business conditions survey administered by the Federal Reserve Bank of Cleveland in cooperation with qualifying distribution partners.¹ The BOTS was created to broaden the scope of contacts who provide the Cleveland Fed with insights that inform monetary policymaking. The BOTS also complements the [Survey of Regional Conditions and Expectations \(SORCE\)](#) and its corresponding set of indexes recently launched by the Cleveland Fed that serve as timely indicators of economic activity in the Fourth District of the Federal Reserve System.² The inaugural BOTS was fielded from July 30 through August 27, 2024. We plan to expand the coverage and conduct future iterations of the BOTS going forward.

Overall, many of the Fourth District firms that we surveyed reported an uncertain outlook, and the majority said that they expected their input and labor costs to increase over the next six months. However, many firms said that they expected no changes to their pricing levels, capital investments, or staffing levels over the next six months.

¹ Qualifying distribution partners include nonprofit 501(c)(3) or 501(c)(6) organizations selected by the Cleveland Fed in its sole discretion. Non-eligible organizations include local and state government entities, for-profit lending entities, and organizations that are currently regulated by the Federal Reserve, the Office of the Comptroller of the Currency, or the Federal Deposit Insurance Corporation. Organizations that may be regulated by federal regulatory agencies in the future are also not eligible. The Cleveland Fed reserves the right to modify or cancel distribution partners at any time.

² The Fourth District of the Federal Reserve System consists of Ohio, eastern Kentucky, western Pennsylvania, and the northern panhandle of West Virginia.

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Survey Overview

The BOTS offers policymakers, business representatives, service providers, and the public information about business conditions across the Fourth District. The analysis disseminated through the Cleveland Fed and its partners provides businesses with intelligence on changes to regional labor markets, prices, costs, and demand for goods and services. Businesses can use this information to inform their decision-making processes. In the inaugural BOTS, qualifying distribution partners collected 126 responses, which are deidentified and analyzed below.³ The BOTS is a convenience sample; therefore, the results below may not be representative of the entire population of firms in the Fourth District.

Summary

Respondents provided information regarding their firm size, industry, and firm ownership. Respondents then indicated whether their business conditions had improved, worsened, or remained unchanged over the prior six months. They also provided their outlooks for the next six months in the following categories: customer demand, capital investments, staffing levels, wages and salaries, input costs, and prices for their products or services.

Firm Characteristics

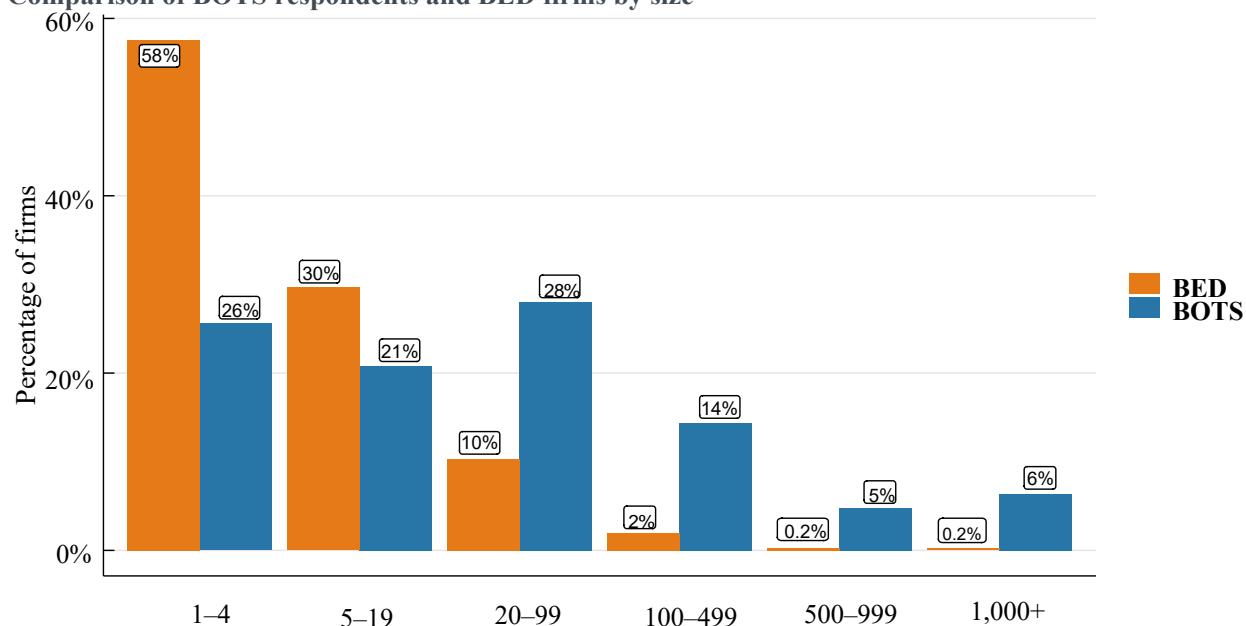
Seventy-five percent of BOTS firms employed fewer than 100 workers, and 26 percent employed fewer than five workers (Figure 1). By comparison, according to the 2024:Q1 Business Employment Dynamics Summary (BED) published by the Bureau of Labor Statistics (BLS), 98 percent of firms employed fewer than 100 workers, and 58 percent employed fewer than five workers. Thus, the inaugural administration of the BOTS overrepresents large firms.

Professional business services (21 percent), other industries (for example, climbing gyms and promotional product suppliers) (19 percent), and manufacturing (12 percent) represent the top three industries among BOTS survey respondents (Figure 2). By contrast, the top three industries among establishments in the data underlying the BED for 2024:Q1 are professional business services (24 percent), retail (17 percent), and healthcare (17 percent).⁴ Finally, 35 percent of firms that responded to the BOTS were owned by members of one or more of the following groups: women, minorities, veterans, immigrants, or the LGBTQ community (Figure 3). The firm ownership groups found in Figure 3 are also used by the US Small Business Administration.

³ The qualifying distribution partners in the inaugural BOTS were the Columbus Chamber of Commerce and the Toledo Regional Chamber of Commerce.

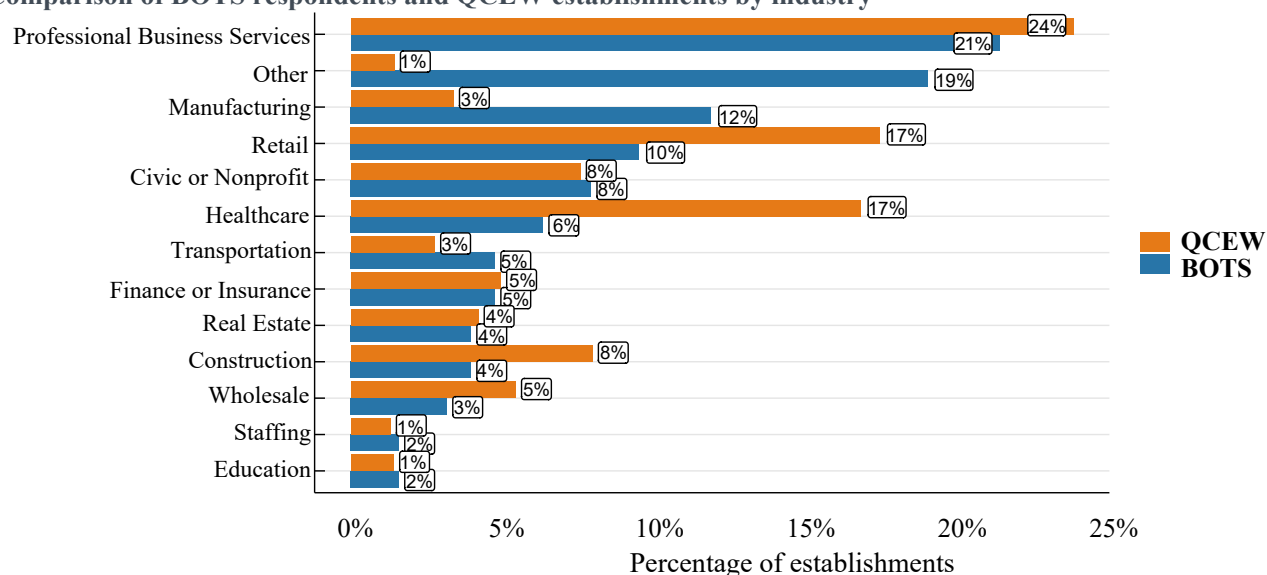
⁴ According to the [BLS](#), the BED data is compiled from existing Quarterly Census of Employment and Wages (QCEW) records. Additionally, according to the [BLS](#), an “establishment” refers to a singular physical location. By contrast, a “firm” can refer to either one establishment or a combination of multiple establishments.

Figure 1. Number of Employees
Comparison of BOTS respondents and BED firms by size



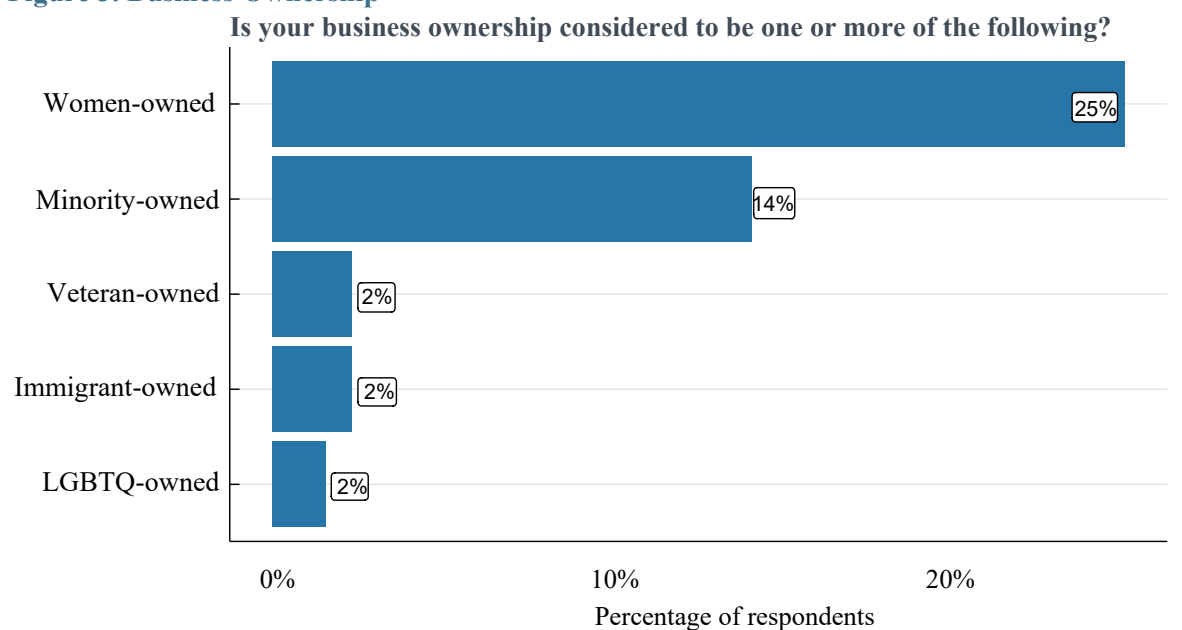
Source: Bureau of Labor Statistics, Business Employment Dynamics (2024:Q1), and Cleveland Fed Business Outlook and Trends Survey

Figure 2. Industry
Comparison of BOTS respondents and QCEW establishments by industry



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (2024:Q1), and Cleveland Fed Business Outlook and Trends Survey

Figure 3. Business Ownership



125 responses

Source: Cleveland Fed Business Outlook and Trends Survey

Consumer demand and capital investments

Reflecting on the prior six months, firms were about equally split between reporting a decrease, no change, or an increase in customer demand. However, firms were more optimistic about the next six months: 84 percent expected either no change or an increase in customer demand (Figure 4). Firms were also slightly more optimistic about their capital investments in the next six months compared to those made during the prior six months (Figure 5).

Figure 4. Customer Demand

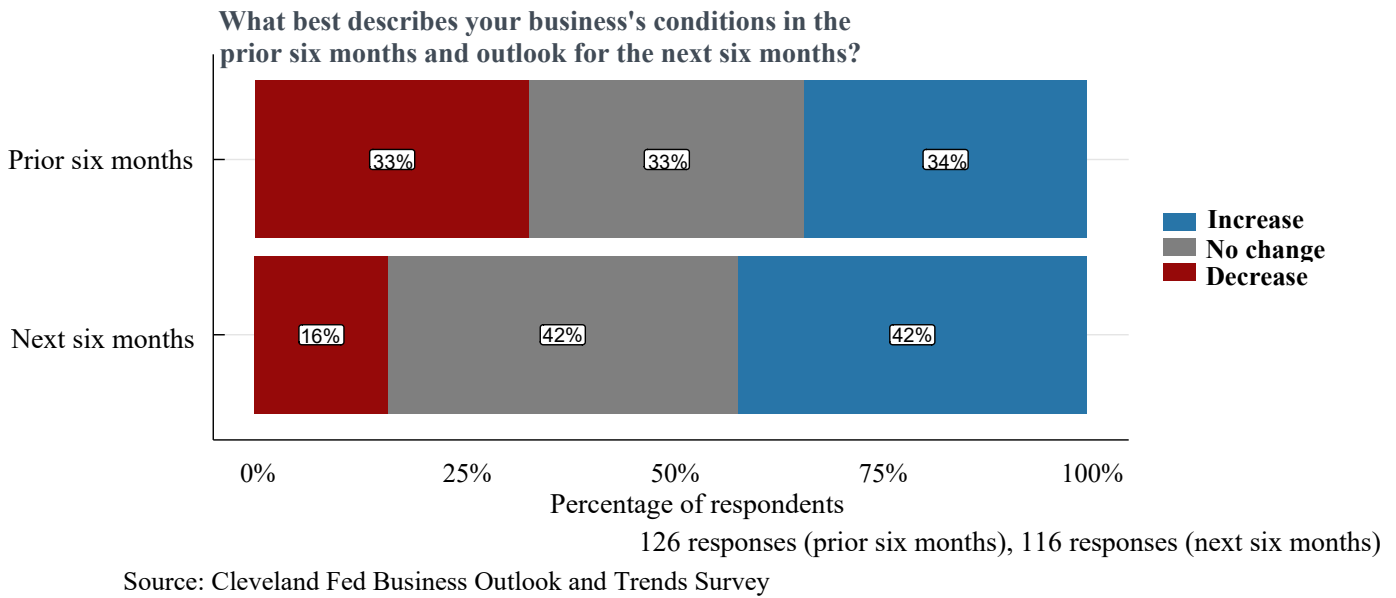
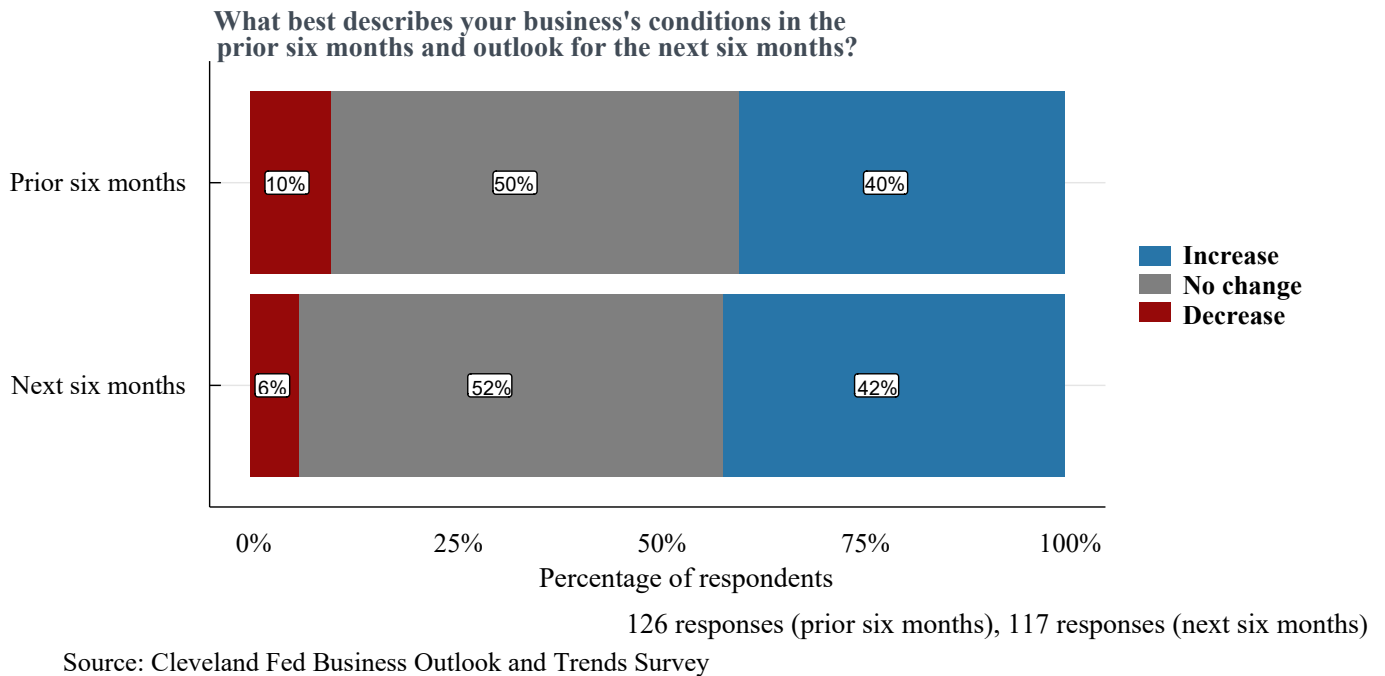


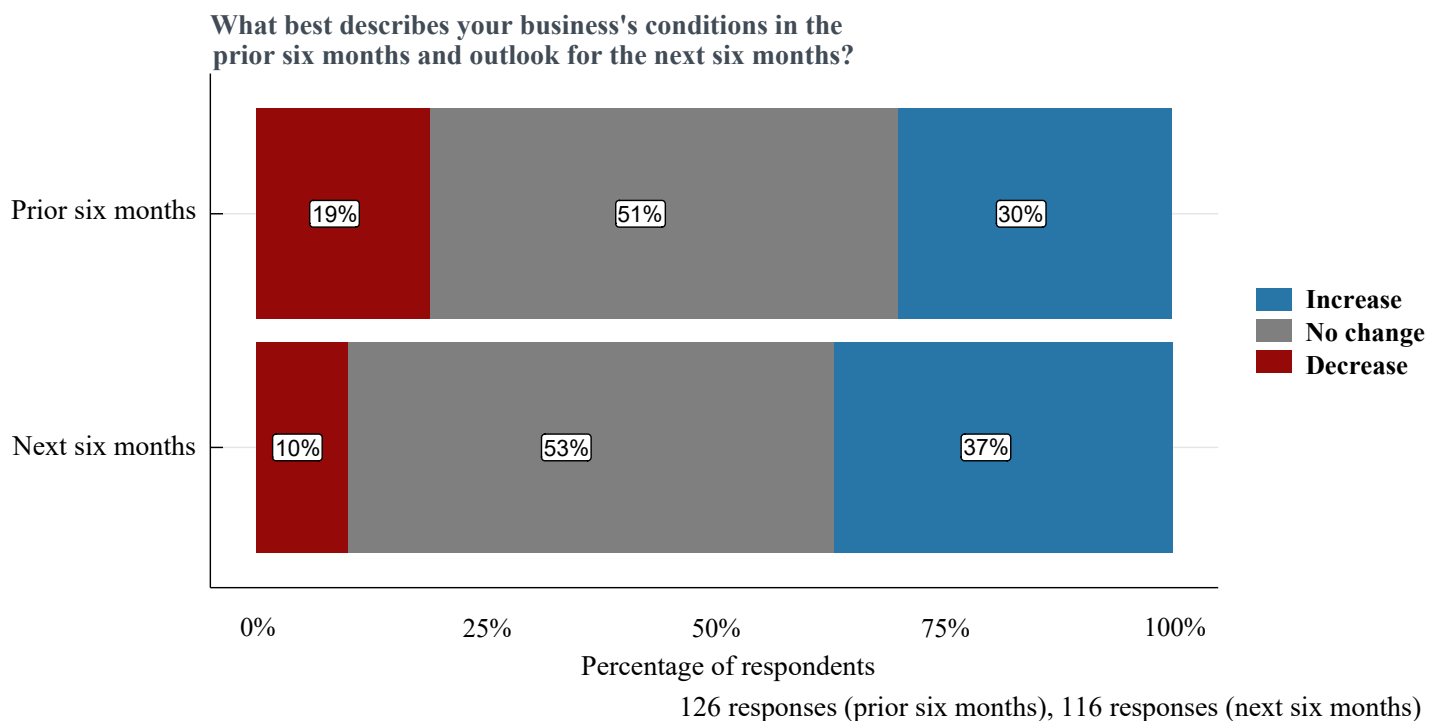
Figure 5. Capital Investments



Staffing levels and wages

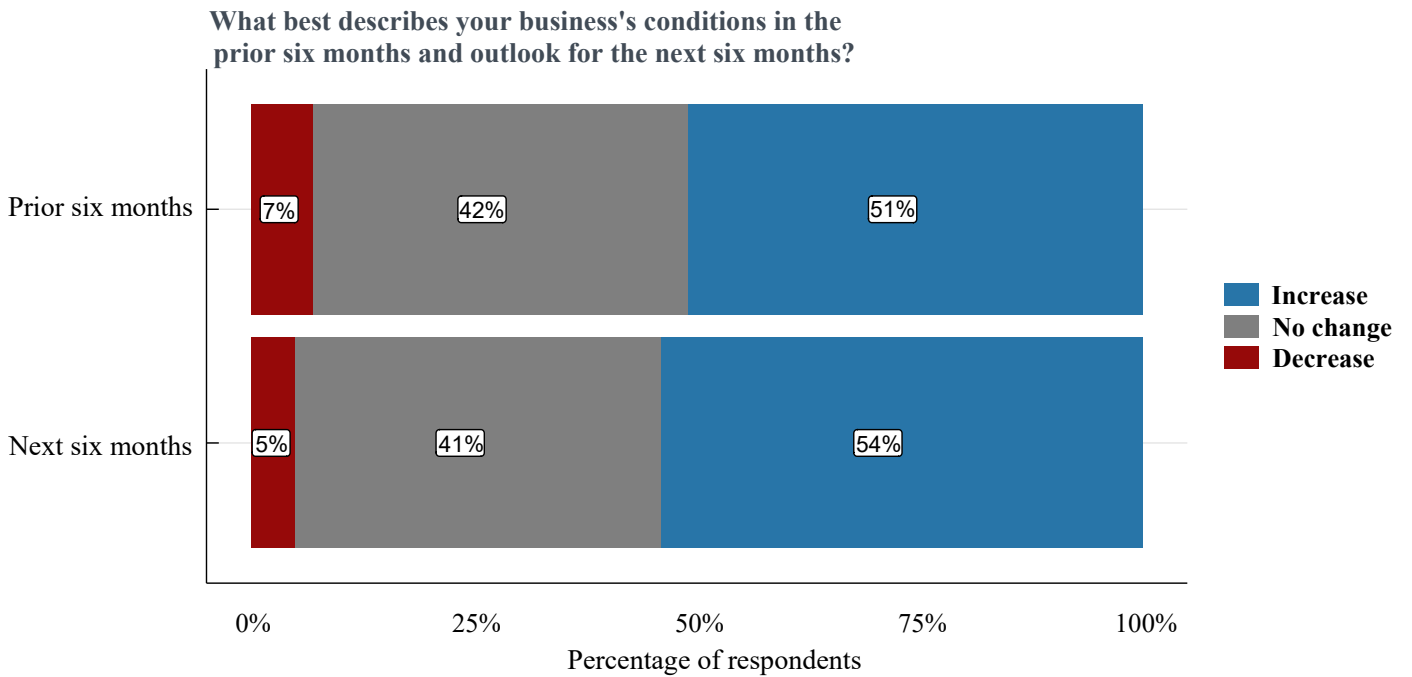
Roughly half (51 percent) of firms reported unchanged staffing levels over the prior six months, and 53 percent expected staffing levels to remain unchanged in the next six months (Figure 6). Additionally, about half (51 percent) of firms reported that their wages and salaries had increased over the prior six months, and a greater majority (54 percent) expected their wages and salaries to increase over the next six months (Figure 7).

Figure 6. Staffing Levels



Source: Cleveland Fed Business Outlook and Trends Survey

Figure 7. Wages and Salaries



124 responses (prior six months), 117 responses (next six months)

Source: Cleveland Fed Business Outlook and Trends Survey

Prices and input costs

While 49 percent of firms reported that they had increased their prices over the prior six months, only 44 percent expected to raise their prices over the next six months (Figure 8). Sixty-three percent of firms reported an increase in their input costs over the prior six months, and 62 percent expected their input costs to rise over the next six months (Figure 9).

Figure 8. Prices for Products and Services

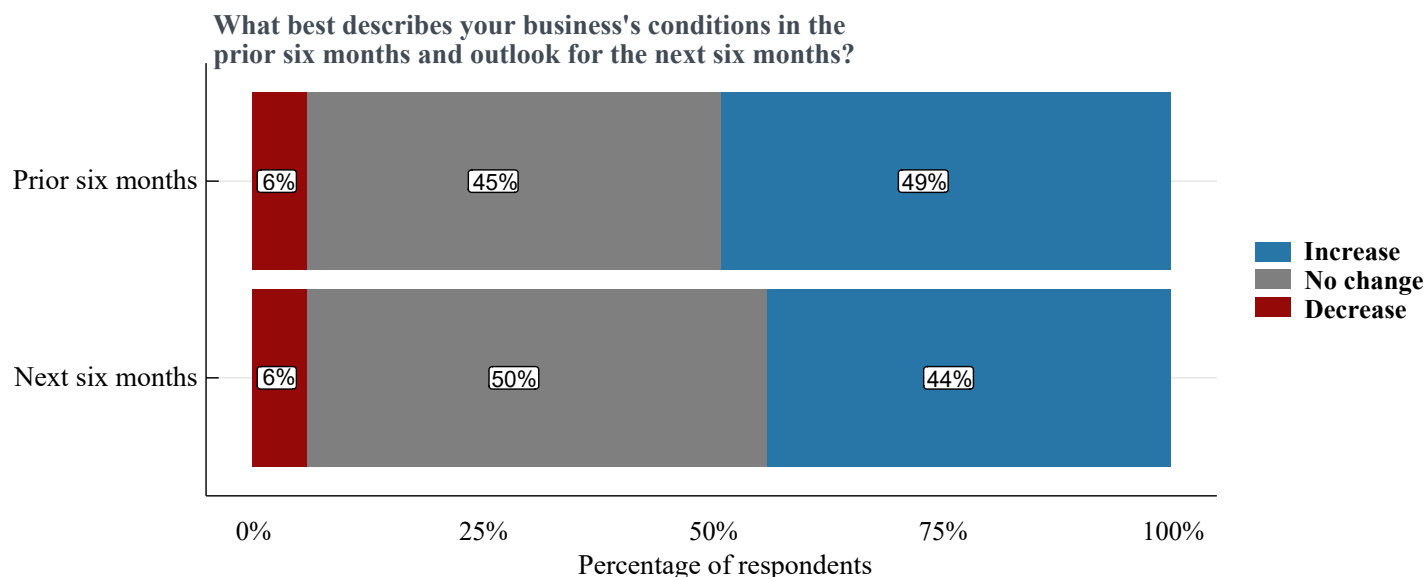
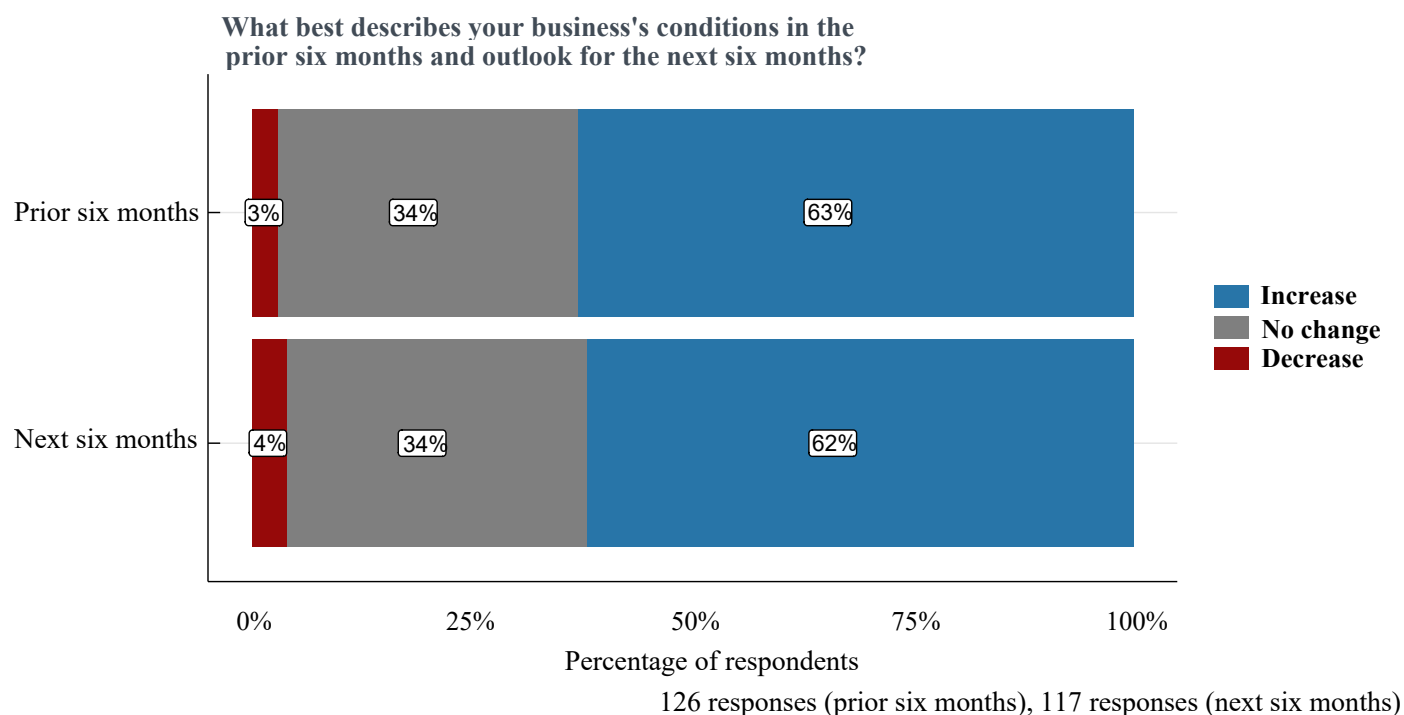


Figure 9. Input Costs (Excluding Employee Compensation)

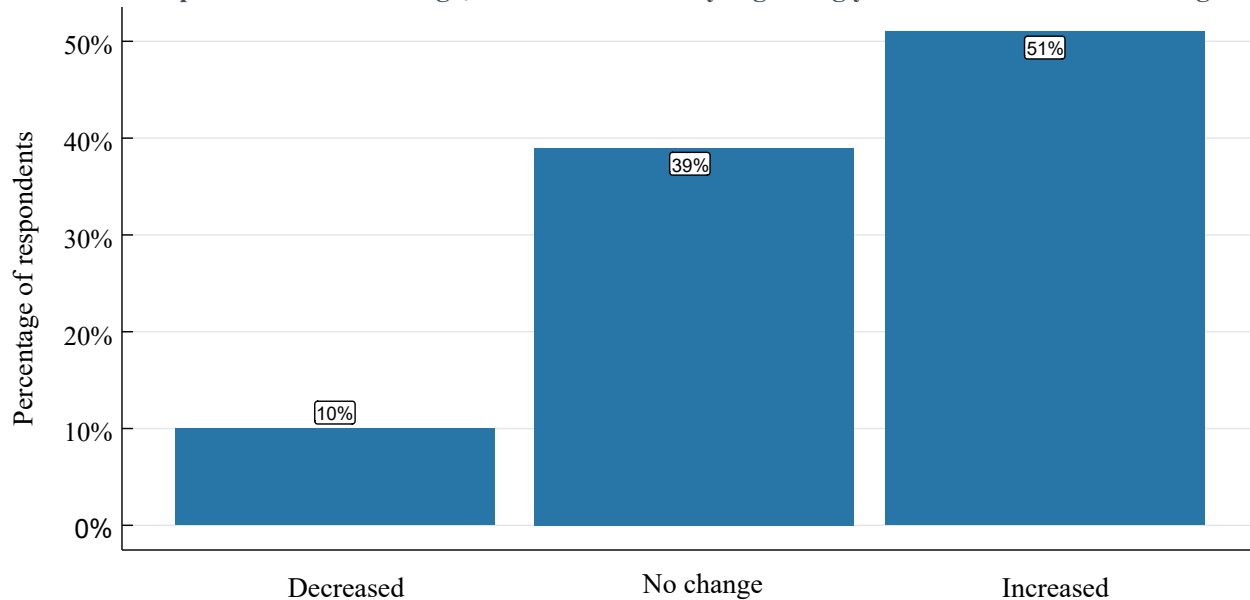


Uncertainty

Roughly half (51 percent) of firms indicated that they were more uncertain about their business's outlook than they had been six months before (Figure 10).

Figure 10. Changes in Uncertainty

Compared to six months ago, how has uncertainty regarding your business's outlook changed?



125 responses

Source: Cleveland Fed Business Outlook and Trends Survey

Conclusion

The BOTS is a business conditions survey administered by the Cleveland Fed. In the inaugural BOTS, conducted in the summer of 2024, firms were asked about their business conditions during the six months prior to the survey and what they expected their business conditions to be during the six months after the survey. Fifty percent of firms indicated that they expected prices for their products and services to remain unchanged during the six months following the survey, though 62 percent of firms indicated that they expected input costs to increase during the same period. The Cleveland Fed expects to administer future iterations of the BOTS and to expand the survey's coverage to include more of the Fourth District.

If you are interested in more information on how to participate in the BOTS and other Cleveland Fed surveys, including the Survey of Regional Conditions and Expectations (SORCE), please contact

CLEV.Regional.Analysis@clev.frb.org.

References

Sadeghi, Akbar, David M. Talan, and Richard L. Clayton. 2016. “Establishment, Firm, or Enterprise: Does the Unit of Analysis Matter?” *Monthly Labor Review*. US Bureau of Labor Statistics. November 2016. <https://doi.org/10.21916/mlr.2016.51>.

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Suggested Citation

Moseley, Carol, Brooke Dirtzu, Julianne Dunn, and Russell Mills. 2025. “Business Outlook and Trends Survey.” Federal Reserve Bank of Cleveland, Cleveland Fed District Data Brief. <https://doi.org/10.26509/frbc-ddb-20250417>