

FranchiseInsights.com has reported Business Startup Sentiment Trends data with monthly surveys since January 2020. The Small Business **Startup Sentiment Index™** is derived from a monthly survey of individuals who have recently inquired about businesses or franchises for sale on the digital assets of [FranchiseVentures](#). This survey was conducted April 22-29, 2021.

May 5, 2021

Small Business Startup Sentiment Index™ (SSI)

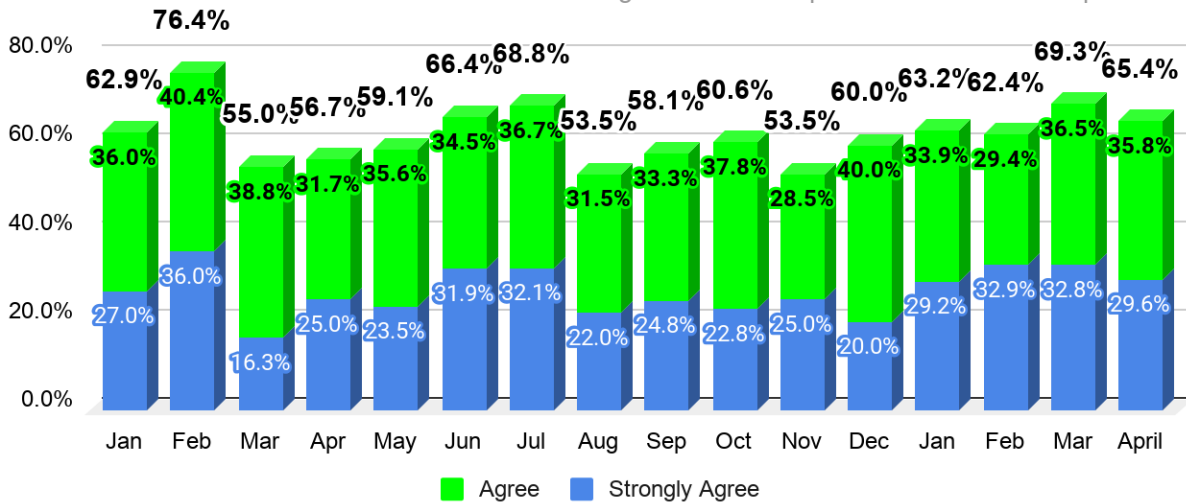
April Startup Sentiment Index™ Shows More Confidence About the Business Environment, Despite Concerns about Funding

SENTIMENT: NOW IS A GOOD TIME

Entrepreneurs who agree or strongly agree that "now is a good time to start a business" settled in April at 65.4% of respondents, slightly off of March's twelve-month high reading of 69.3%. [FranchiseInsights.com](#) compiles monthly the **Small Business Startup Sentiment Index™** (SSI) of individuals who have recently inquired about businesses for sale.

Is NOW is a good time to start a business?

Source: FranchiseInsights.com Startup Sentiment Index™ April 2021



OUTLOOK ON BUSINESS CONDITIONS CONTINUES TO IMPROVE

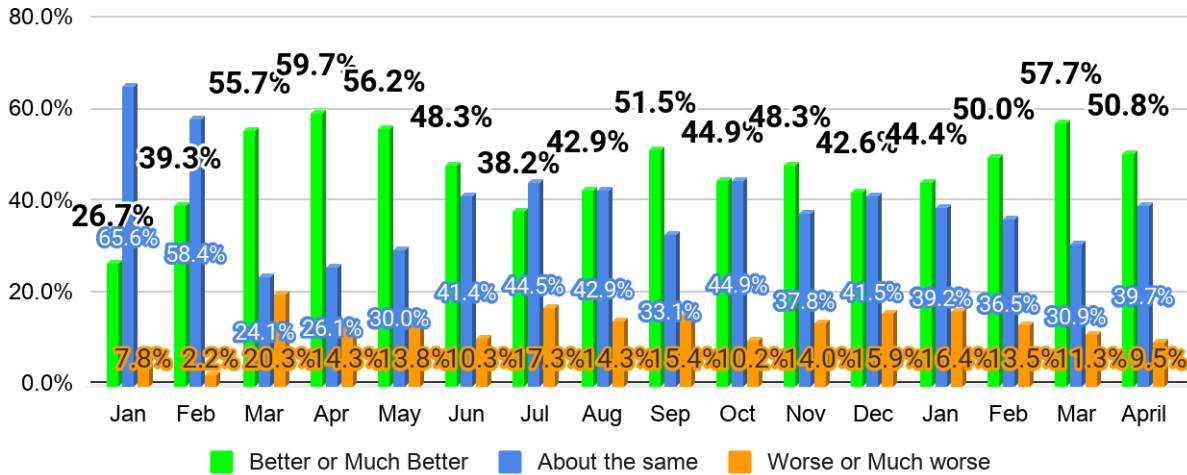
Entrepreneurs remain optimistic about business conditions in the coming months, correlating with their time frames for starting or buying their businesses. Almost 51% of respondents believe that in three months, conditions will be "better or much better" than now. Conversely, the percentage seeing conditions "worse or much worse" in

the same time frame dropped to 9.5% in April, the lowest reading since the pandemic began.

These results mirror the [Conference Board's Survey of Consumer Confidence](#), which reached the highest level in April, 2021 since February, 2020, before the pandemic was widespread.

Business Conditions Seen Getting Better

Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021

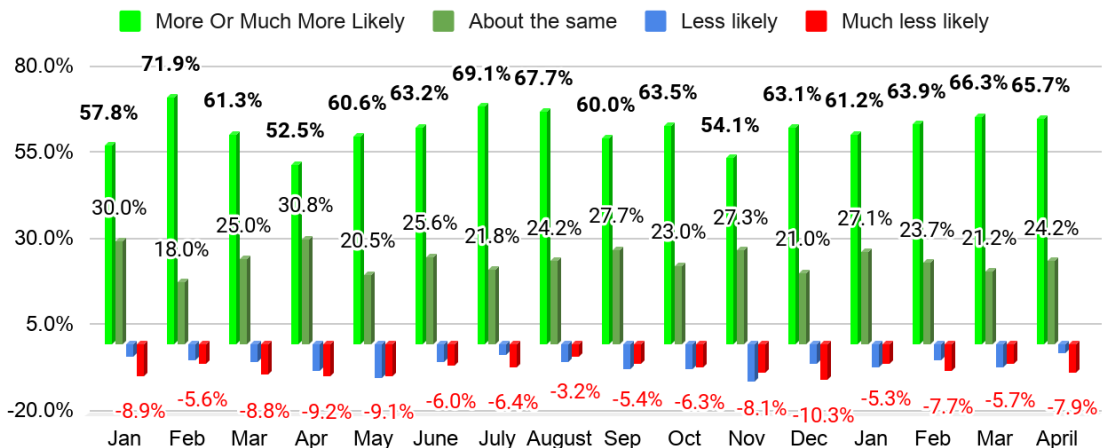


SENTIMENT IMPROVED FROM THREE MONTHS AGO

Over two thirds of respondents are more sanguine about starting or buying their business now. In April, 65.7% of respondents indicated they are **“more or much more likely to start a business now than three months ago.”** On the other hand, the percentage of survey respondents who were “less or much less likely to start a business than three months ago” returned to 7.9%, just slightly above the February 2021 level.

How likely are you to start a business now compared to 3 months ago?

Source: FranchiseInsights.com Startup Sentiment Index™ April 2021

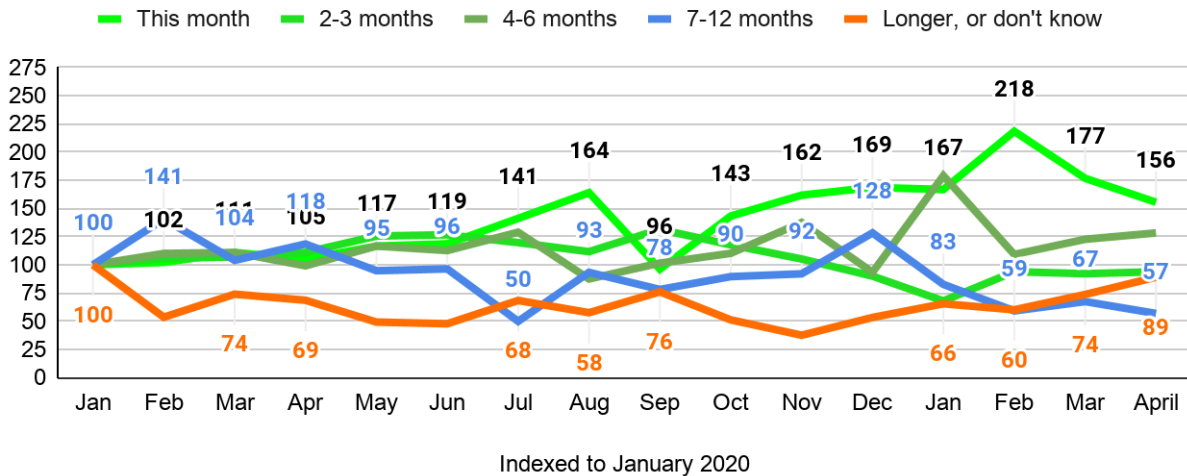


MIDYEAR STARTUP INTENTIONS CONFIRMED

In April, entrepreneurs expressing intent to start or buy **“this month”** eased to 22.2% of respondents, yet still the second highest percentage on record, indexing at 156% of January 2020. Startups planned for the **“next 2-3 months”** slipped only slightly to 28.4% in April from 28.9 in March.

Startup Interest 1-3 Months Out Remains Strong

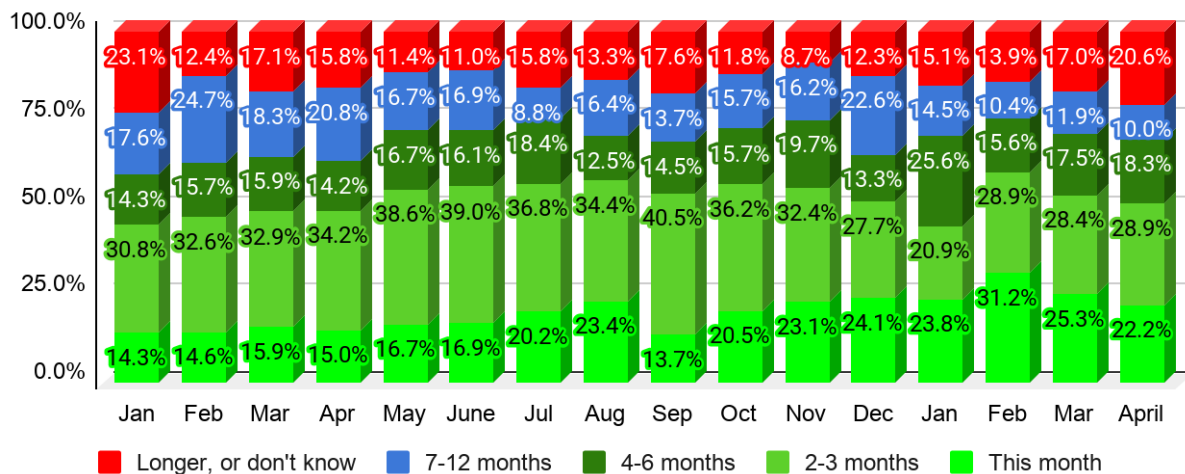
Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021



Combined, 51.1% of respondents expressed **intent to start or buy their businesses within the next three months**. Startup intentions in the **“next four to six months”** grew in April to 18.3%.

Startup Intentions 1-3 Months Out at 51.1% of Total

Source: FranchiseInsights.com Startup Sentiment Index™ April 2021

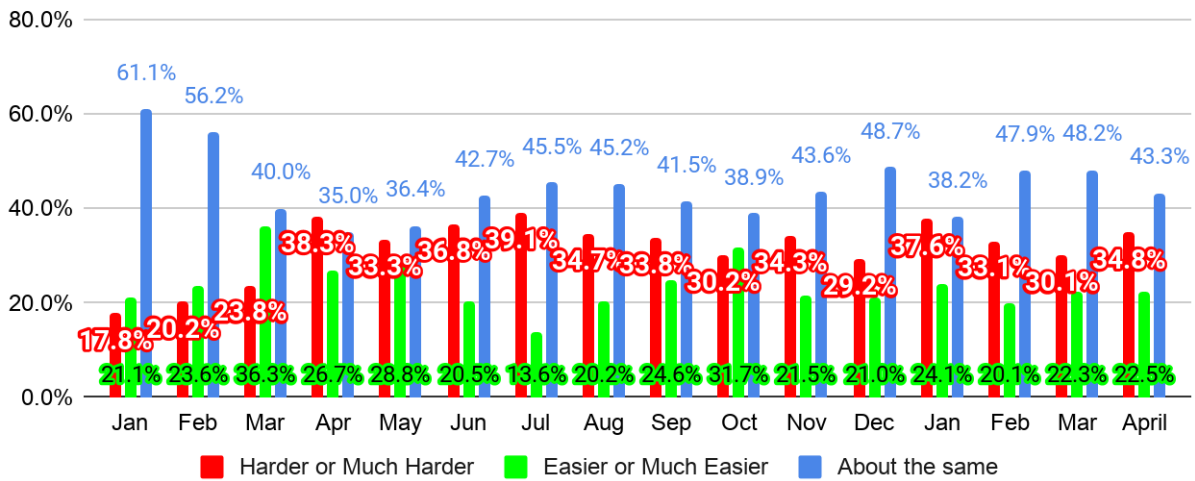


The most recent **Startup Sentiment Index™** survey was conducted April 22-29, 2021, as news of vaccination rates surpassed 50% of adults in the US. Clearly, the respondents anticipate the easing of restrictions and a return to something like normal.

ACCESS TO FUNDING GROWS AS A TOP CONCERN

Outlook on Funding 3 Months Out Weakens Slightly

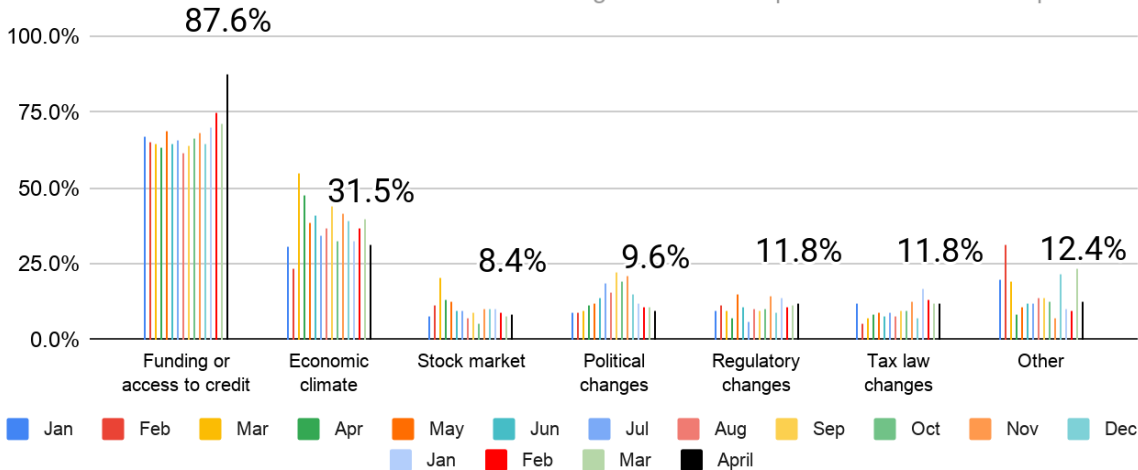
Source: FranchiseInsights.com Startup Sentiment Index™ April 2021



While access to funding was top of mind throughout 2020, prospective business startups were slightly less concerned about startup financing in recent months, with only 34.8% in April seeing it **“harder or much harder”** three months from now. On the other hand, an encouraging 43.3% see access to funding in three months being **“about the same”** and 22.5% seeing it getting **“easier or much easier.”**

Funding Grows as the Biggest Barrier to Business Startup

Source: FranchiseInsights.com Startup Sentiment Index™ April 2021



With other factors mostly declining over the last several months, a record high of 87.6% of prospective business buyers cited **“funding or access to credit”** as the factor having the biggest impact on their decisions to buy or start a business. Beyond funding, **“economic climate”** at 31.5% overshadowed all other factors cited in April.

In what is now the sixth survey post-election, only 9.6% of prospective business buyers still cited **“political changes”** as a key factor, down significantly from 21.1% in November. Concerns about **“tax law changes”** decreased slightly to 11.8%, in a third place tie with **“regulatory changes.”**

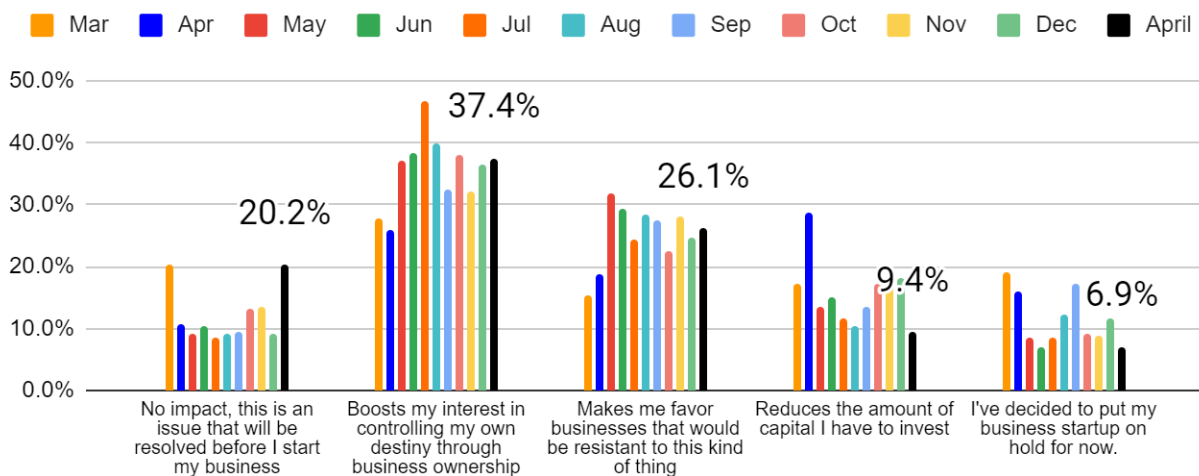
PANDEMIC IMPACT ON STARTUP SENTIMENT

When asked how Covid-19 had affected their interest in starting a business or opening a franchise, respondents to the [FranchiseInsights.com](https://www.franchiseinsights.com) Small Business Startup Sentiment Index™ most often cite the desire for **“controlling my own destiny through business ownership,”** at 37.4% of respondents in April. A record low of 6.9% are putting their plans on hold, and 20.2% select that **“this is an issue that will be resolved”** before starting their businesses, more than double the percentage seen in March 2021, and the highest percentage since the onset of the pandemic.

The preference toward “businesses that would be resistant” to shocks like Covid-19 has declined from the peak of 31.7% in May 2020 to 26.1% in April 2021, suggesting increasing openness to the franchise categories hardest hit by the pandemic restrictions and social distancing.

How does Covid-19 affect your interest in business ownership?

Source: FranchiseInsights.com Startup Sentiment Index™ April 2021

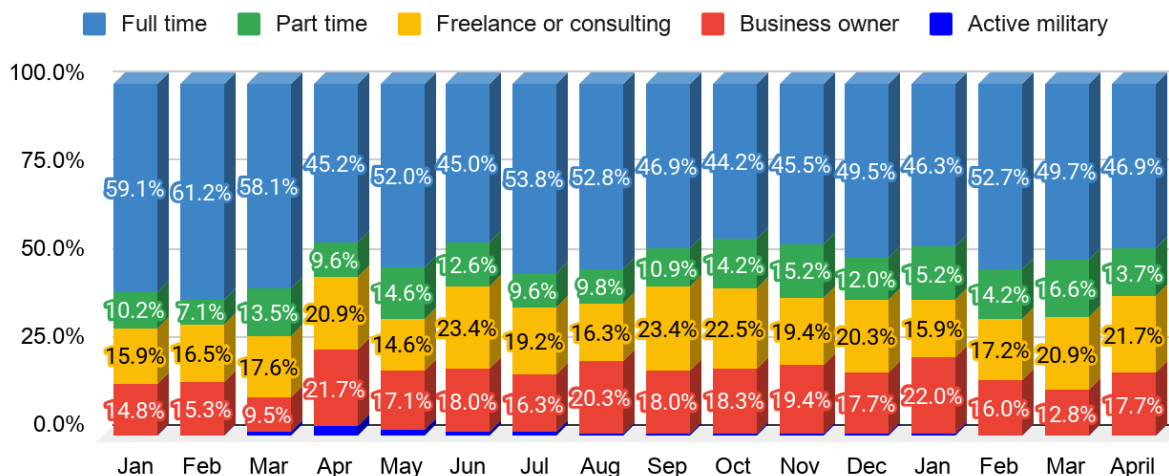


RESPONDENT DEMOGRAPHICS

Of the survey respondents, 46.9% are currently employed full-time; this is the second highest percentage since July 2020. Current business owners made up 17.7% of respondents, suggesting a desire to grow or diversify. About 35.4% were either working part-time or in a freelance capacity, and none in the April 2021 survey were active military personnel, for the third month in a row.

More Aspiring Business Owners Are Currently Employed

Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021

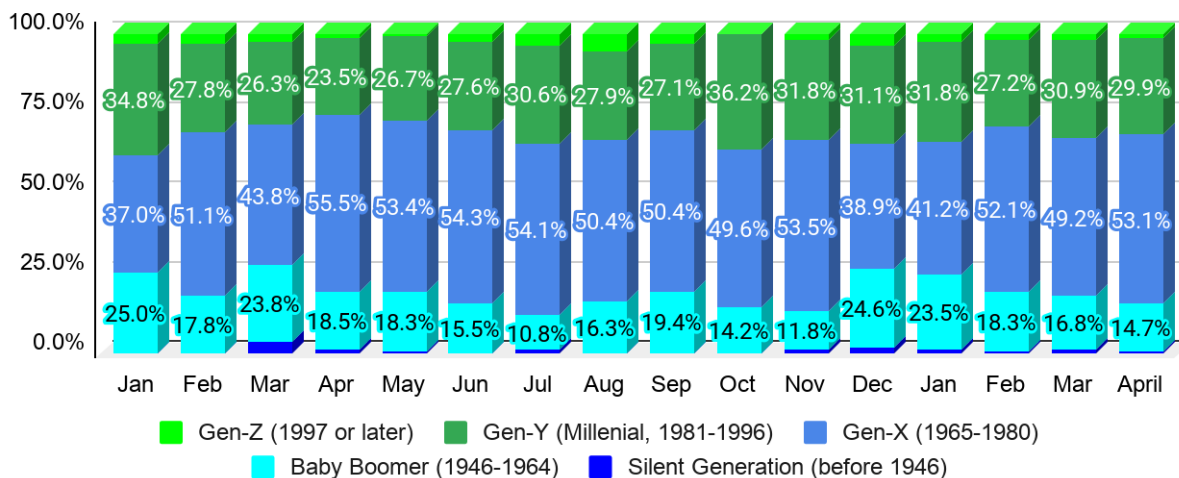


Gen-X (53.1%) and Gen-Y (29.9%) accounted for the highest percentages of survey respondents, consistent with prior surveys. Baby Boomers decreased to 14.7% of respondents in April, down from almost 25% in December 2020.

See also a complete profile of the [demographics of aspiring business buyers](#) from a large demographic sample for the calendar year 2020 compared to the prior full year.

Gen-X and Gen-Y Dominate Startup Interest

Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021



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[FranchiseVentures](#) is the leading demand- and lead-generation platform for potential franchisees to thousands of growing franchise systems in the United States and

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