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 January 25-31, 2022.

February 2, 2022
Small Business Startup Sentiment Index™ (SSI)

Despite Lingering Pandemic, Financial Market Volatility, and Geopolitical Concerns, Startup Sentiment Remains Resilient

- Now 86.4% of Aspiring Owners See Business Conditions the Same or Getting Better for Startup
- Great Resignation Continues: 46.4% are Leaving a Full-Time Job

STARTUP SENTIMENT: A GOOD TIME TO TAKE THE LEAP

In late January 2022, news roiled markets with the threat of yet another Omicron variant, a potential invasion of Ukraine, and the largest drop in financial markets since March 2020. Nonetheless, 53.1% of aspiring business owners were resolute about starting their businesses within the next three months. Further, 86.4% of these survey respondents see business conditions about the same or getting better in the next three months. Over 63% of would-be entrepreneurs agree or strongly agree that "now is a good time to start a business." 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™, Jan 2022
The survey was conducted January 25-31, 2022. This entrepreneurial optimism parallels the ongoing surge in new business applications which began in September 2020 as reported by the US Census Bureau. These optimistic views on conditions for business startup are consistent with several successive months of improving sentiment seen in The Conference Board’s Survey of Consumer Confidence.

OUTLOOK ON BUSINESS CONDITIONS: CONSISTENTLY UPBEAT

Partly as a reflection of confidence in current conditions, 43.5% of respondents believe that in three months, conditions will be “better or much better” than now, compared to the 50-60% readings at the height of the pandemic. A consistent minority see conditions “worse or much worse” in the same time frame, at 13.6%. Over 86.4% see conditions staying the same or getting better.

Now 86.4% See Business Conditions the Same or Getting Better

Source: FranchiseInsights.com Startup Sentiment Index™ Jan 2022

SENTIMENT ABOUT STARTING “NOW” VS. THREE MONTHS AGO

Positive sentiment means slightly fewer respondents are more upbeat now about starting or buying their business than they were three months ago. In January, 63.9% of those responding indicated that they were “more or much more likely to start a business now than three months ago” compared with the recent high of 68.9% in October 2021.

The percentage of survey respondents who were “less or much less likely to start a business than three months ago” came in at 12.9%, just above the 11.8% average over the prior 12 months.
STARTUP TIMING: ENTREPRENEURS READY NEAR-TERM

In January 2022, entrepreneurs expressing intent to start or buy “this month” grew to 248% of responses indexed to January 2020. Conversely, aspiring business owners planning startups in the “next 2-3 months” eased to 57%, from the twelve-month high in November seen at 111% of January 2020. The data doesn’t reveal “why”, but a similar increase was observed in the first few months of 2021.

In summary, 53.1% 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 to 21.15%, bringing the total with intent to start within 6 months to 74.1%.

Starts "This Month" at 4-Month High

Source: Franchiselnsights.com Startup Sentiment Index™ Jan 2022
While access to funding remains an oft-cited startup issue, prospective business owners have shown decreasing concern about availability of startup financing in recent months, with 32.7% seeing it getting “harder or much harder” three months from now. Almost half at 49.0% see access to funding in three months being “about the same” and 17.0% see it getting “easier or much easier.”
With other factors mostly flat or declining over the last several months, 73.6% 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, with the highest seen in April 2021. Beyond the funding concern, “economic climate” is next highest at 34.0%, in somewhat of a downward trend for several months.

Despite a significant drop in the stock markets during the week of the survey, only 12.5% of entrepreneurs cited the stock market as having a significant impact on their business startup plans.

ONGOING PANDEMIC DRIVES BUSINESS PREFERENCES

For two years, when asked how Covid-19 had affected their interest in starting a business or opening a franchise, respondents to the FranchiseInsights.com Small Business Startup Sentiment Index™ most often cited the desire for “controlling my own destiny through business ownership.” In December 2021, for the first time ever, more indicated a preference for “businesses that would be resistant” to shocks like Covid-19 at 40.2% of respondents. That shift continued in the January 2022 survey, at 36.8% of respondents. We don’t know why, but one could theorize that continued emergence of variants amid continued stress on hospitals and rising deaths are changing the perception that the pandemic will have a clear end any time soon.

On the other hand, in January, the percentage putting their plans on hold dropped to 6.0%, and the percentage indicating that “this is an issue that will be resolved” before starting their businesses rose to 17.0%, the highest since October 2021.
GEN-X AND MILLENNIALS IN COUNTER-TREND RALLY

Of the survey respondents, 46.4% are currently employed full-time, down from the recent high of 58.6% high seen in October. Current business owners made up 19.3% of respondents in January, suggesting a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners reached 65.7% of respondents.

About 21.4% of respondents were working for themselves as freelancers or consultants. Just over 1% in the December survey were on active duty in the military.

46.4% of Aspiring Owners Leaving a Full Time Job

Gen-X (50.0%) and Millennials (34.7%) accounted for the highest percentages of survey respondents, and Baby Boomers dropped further to 13.9% in January, along with
Gen-Z at 1.4%. Longer term, Millennials and Gen-X will drive business startups as they reach peak business startup ages and Boomers age out of the workplace.

See also a complete profile of the generational demographics of aspiring business buyers from a large demographic sample spanning 2018-2021. Further, analysis of gender demographics of business buyers shows women making up an increasing percentage of aspiring business owners, particularly in the post-Boomer age cohorts.

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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 Canada. Its franchise directory brands include Franchise.com, Franchise Solutions, Franchise Gator, Franchise Opportunities, Franchise For Sale, SmallBusinessStartup.com and BusinessBroker.net, and together they provide the largest aggregation of prospective franchise buyers in the U.S.

Interested in more insights from our proprietary data set? Subscribe to our email newsletter, or follow us on LinkedIn.