

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 March 25-30, 2021.

April 7, 2021

Small Business Startup Sentiment Index™ (SSI)

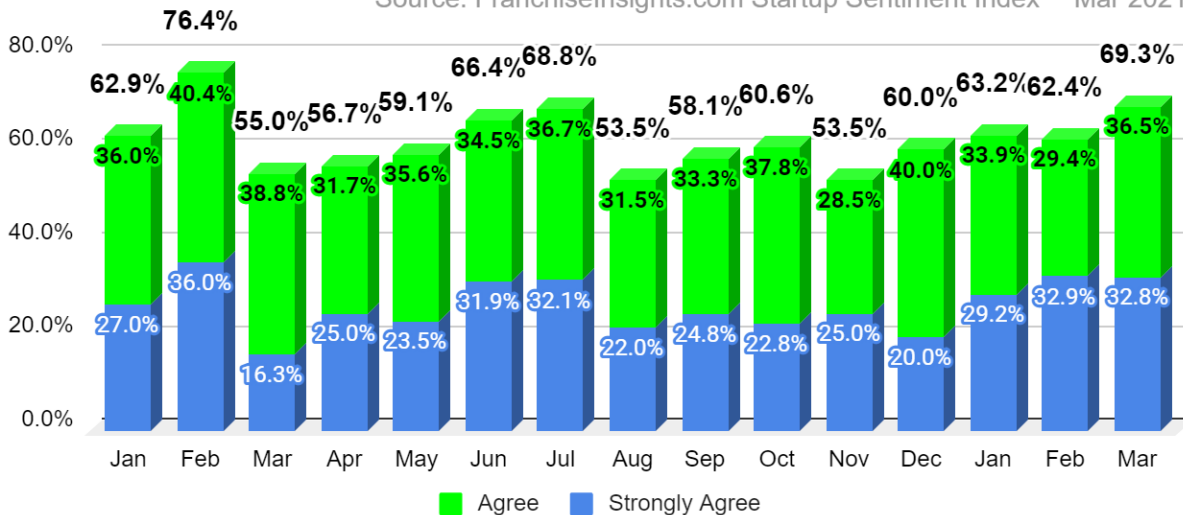
March Startup Sentiment Index™ Shows Aspiring Business Owners Increasingly Confident

SENTIMENT: NOW IS A GOOD TIME

Entrepreneurs who agree or strongly agree that "now is a good time to start a business" grew in March to 69.3% of respondents, the highest recorded since February 2020 before the pandemic became headline news. [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™ Mar 2021



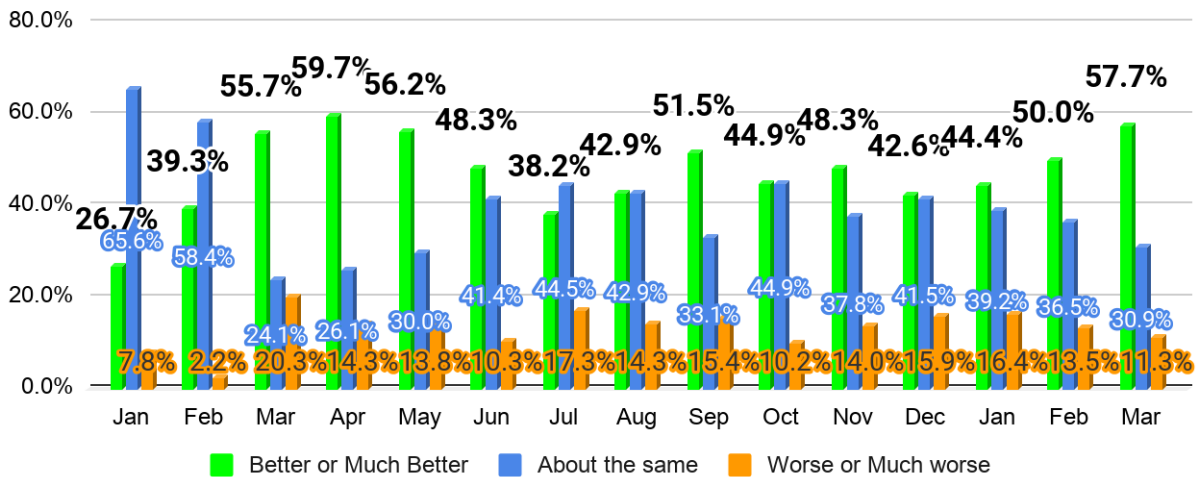
OUTLOOK ON BUSINESS CONDITIONS CONTINUES TO IMPROVE

Entrepreneurs remain optimistic about business conditions in the coming months, correlating with their time frames for starting or buying their businesses. Almost 58% of respondents believe that in three months, conditions will be "better" or "much better" than now. Conversely, the percentage seeing conditions worse in the same time frame dropped to 11.3% in March.

These results mirror the [Conference Board's March survey of Consumer Confidence](#), wherein “optimism about the short-term outlook improved considerably”, with 40.8% of consumers expecting business conditions will improve over the next six months, an increase from the 30.7% that the Conference Board reported in February, 2021.

Business Conditions Seen Getting Better

Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021

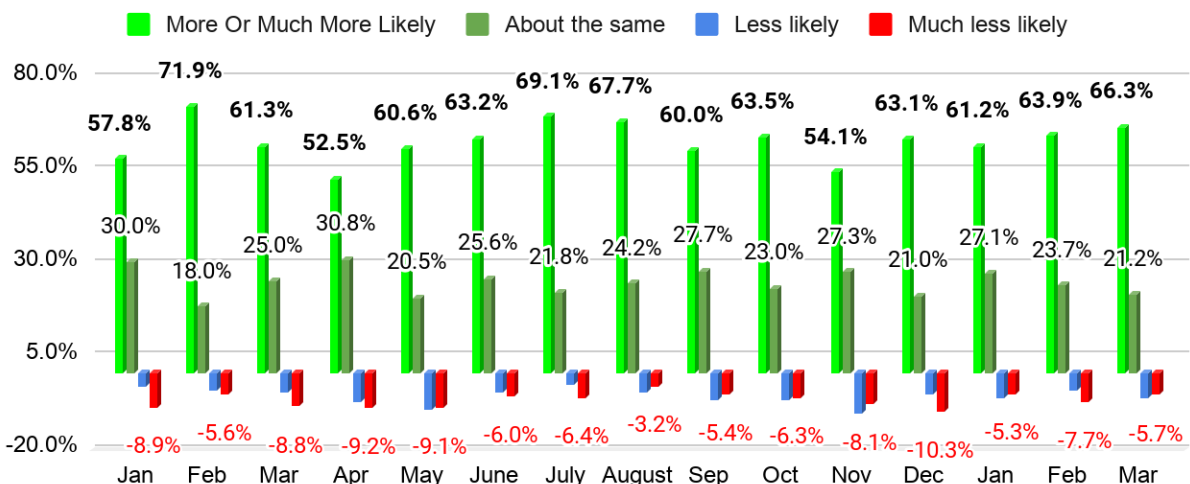


SENTIMENT IMPROVED FROM THREE MONTHS AGO

Almost two thirds of respondents are more sanguine about starting or buying their business now. In March, 66.3% 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” was flat with February at 12.4%.

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

Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021

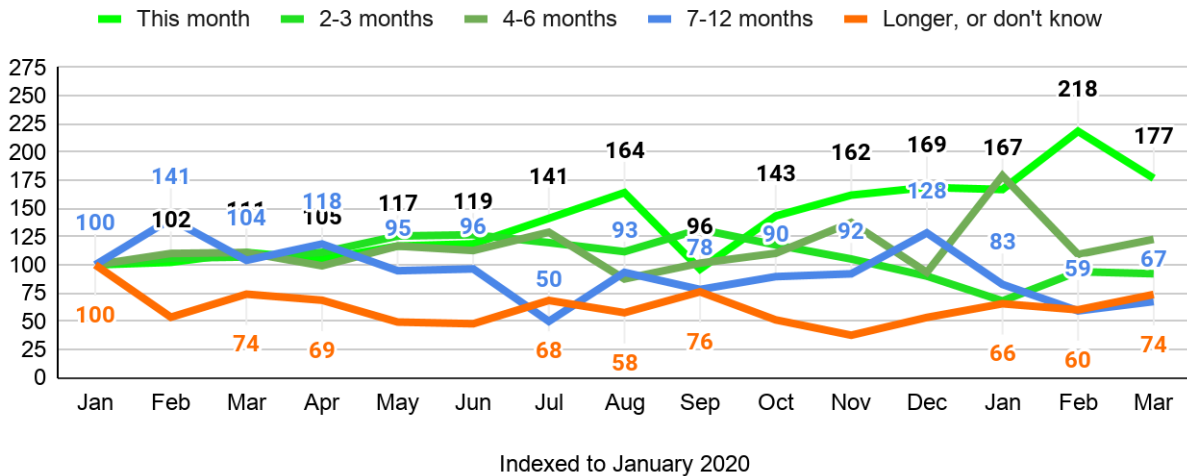


MIDYEAR STARTUP INTENTIONS CONFIRMED

In March, entrepreneurs expressing intent to start or buy **“this month”** eased to 25.3% of respondents, yet still the second highest percentage on record, indexing at 177% of January 2020. Startups planned for the **“next 2-3 months”** slipped only slightly to 28.4% in March from 28.9 in February.

Startup Interest 1-3 Months Out Remains Strong

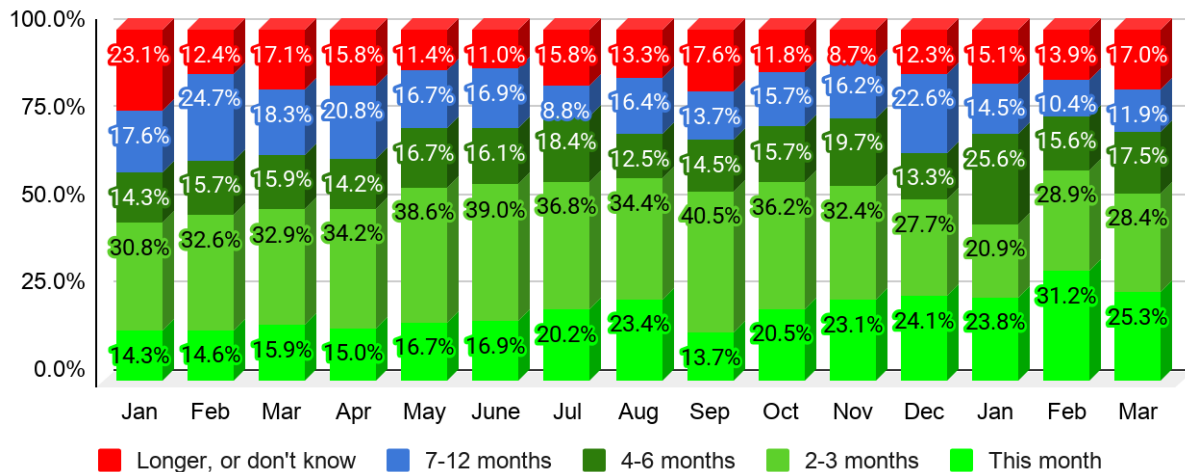
Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021



Combined, 53.7% 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 March to 17.5%.

Startup Intentions 1-3 Months Out at 53.7% of Total

Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021

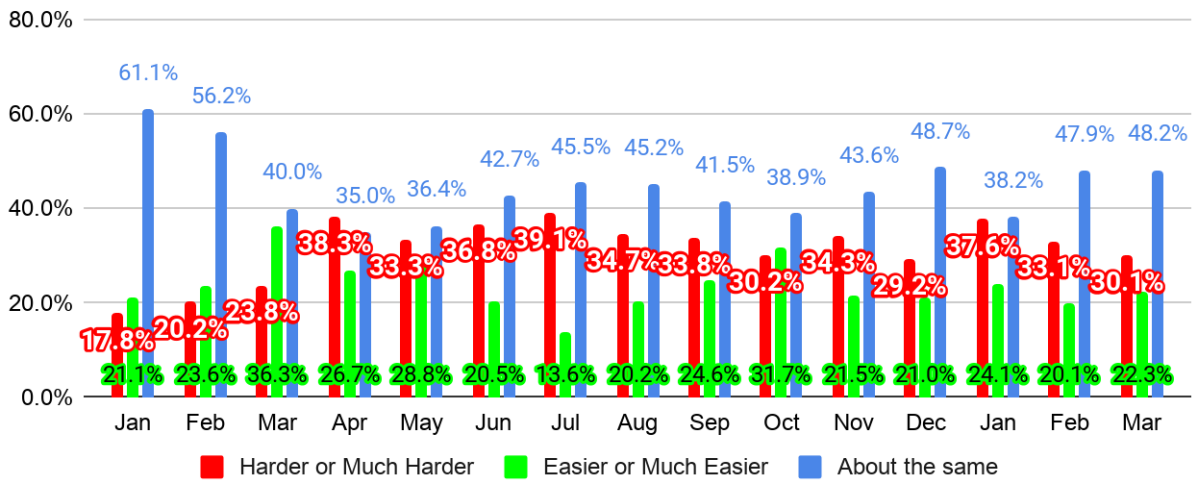


The most recent **Startup Sentiment Index™** survey was conducted March 25-30, 2021, as news of accelerated vaccination timelines was tempered by reports of increasing Covid cases, following a significant jump in air travel associated with Spring vacationing.

ACCESS TO FUNDING REMAINS A TOP CONCERN

Outlook on Funding 3 Months Out Improves Slightly

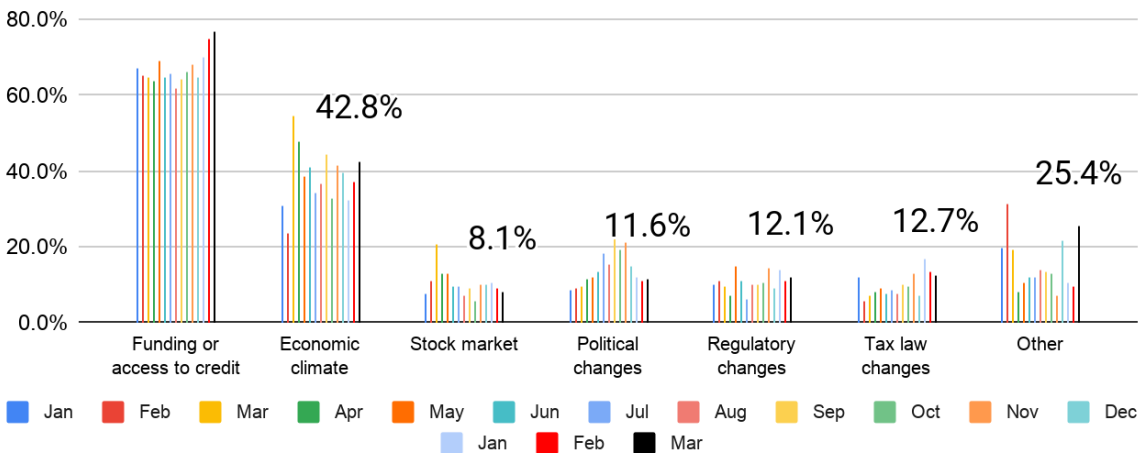
Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021



While access to funding was top of mind throughout 2020, prospective business startups were slightly less concerned about startup financing in the last few months, with only 30.1% seeing it “harder or much harder” three months from now. On the other hand, an encouraging 48.2% see access to funding in three months being **“about the same”** and 22.3% seeing it getting **“easier or much easier.”**

Funding Grows as the Biggest Barrier to Business Startup

76.9% Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021



With other factors mostly declining over the last several months, a record high of 76.9% 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 42.8% overshadowed all other factors cited in March.

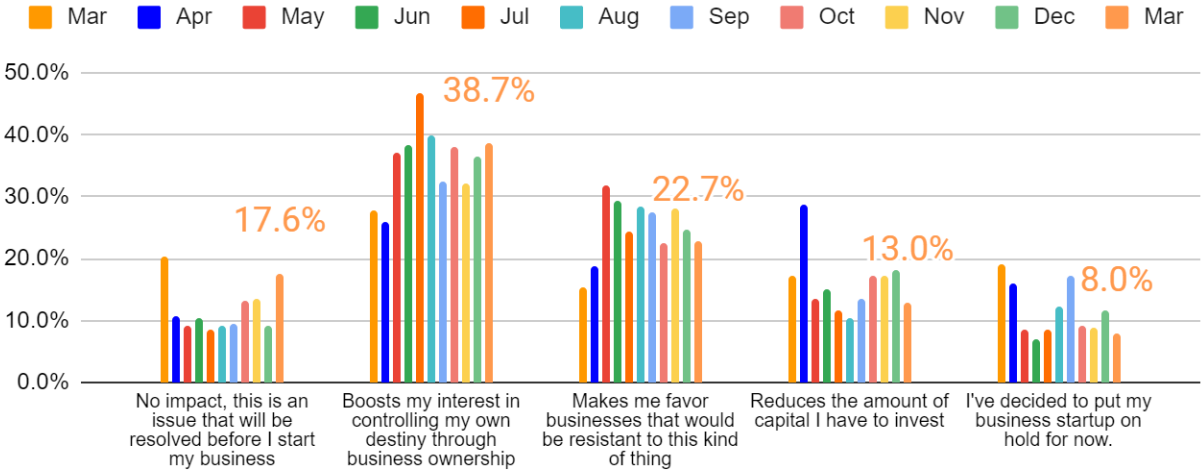
In what is now the fifth survey post-election, only 11.6% of prospective business buyers still cited **“political changes”** as a key factor, down significantly from 21.1% in November. Concerns about **“tax law changes”** decreased slightly to 12.7%, making it the third most significant concern.

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 38.7% of respondents in March. About 8% are putting their plans on hold, and 17.6% select that **“this is an issue that will be resolved”** before starting their businesses, 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 22.7% in March 2021, suggesting increasing openness to the franchises 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™ Mar 2021

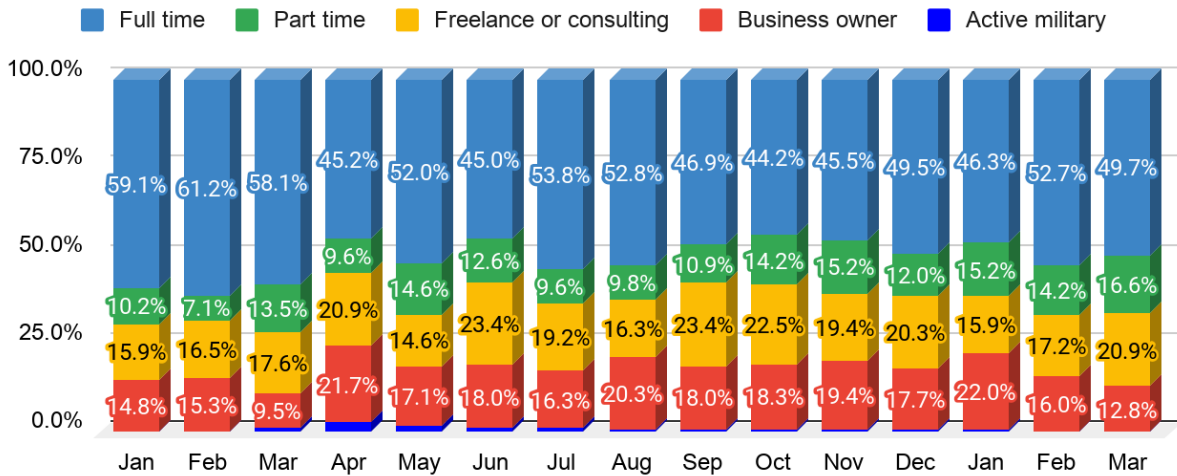


RESPONDENT DEMOGRAPHICS

Of the survey respondents, 49.7% are currently employed full-time; this is the third highest percentage since July, 2020. Current business owners made up 12.8% of respondents, suggesting a desire to grow or diversify. About 37.4% were either working part-time or in a freelance capacity, and none in the March survey were active military personnel.

More Aspiring Business Owners Are Currently Employed

Source: FranchiseInsights.com Startup Sentiment Index™ Mar 2021

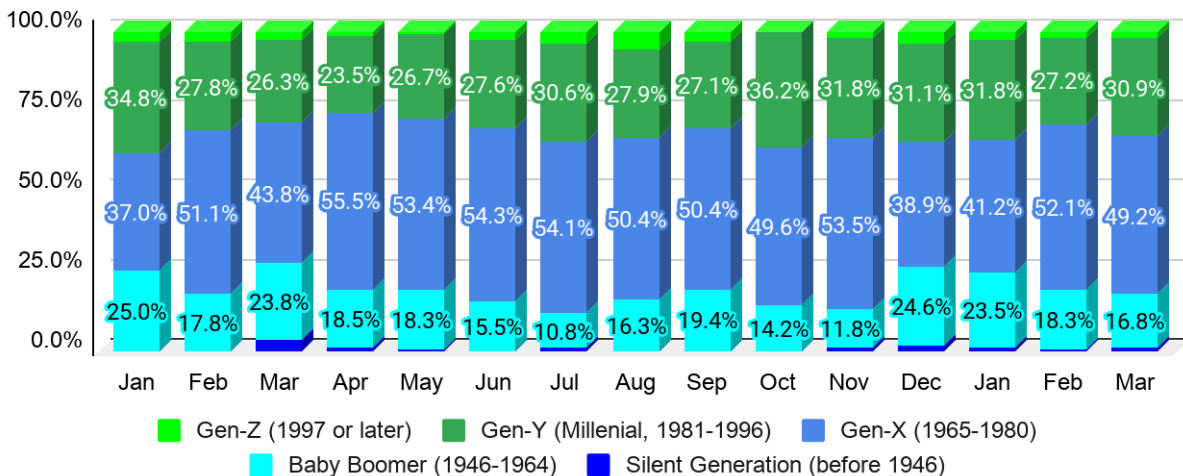


Gen-X (49.2%) and Gen-Y (30.9%) accounted for the highest percentages of survey respondents, consistent with prior surveys. Baby Boomers decreased to 16.8% of respondents in March, down from near 24% at the beginning of 2021.

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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