

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 May 20-27, 2021.

June 2, 2021

Small Business Startup Sentiment Index™ (SSI)

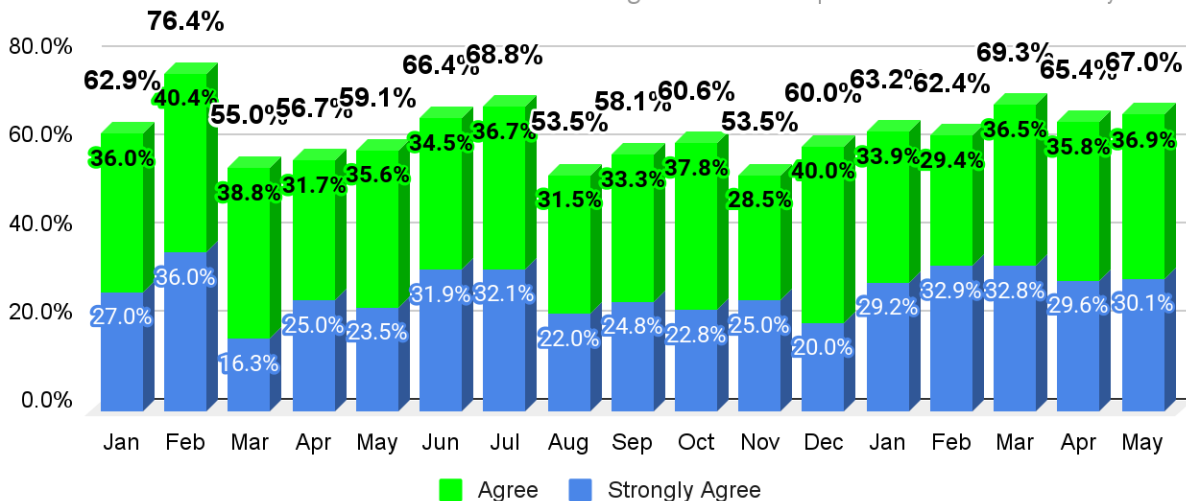
May Startup Sentiment Index™ Shows Over 74% of Startups Are Expected Within The Next 6 Months Year High Seen in Business Seekers Either Employed or Seeking a Second Business

SENTIMENT: NOW IS A GOOD TIME TO TAKE THE LEAP

Entrepreneurs who agree or strongly agree that "now is a good time to start a business" reached 67% in May, up from April's reading at 65.4% of respondents, and the second highest in eleven months. [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™ May 2021



OUTLOOK ON BUSINESS CONDITIONS CONTINUES TO IMPROVE

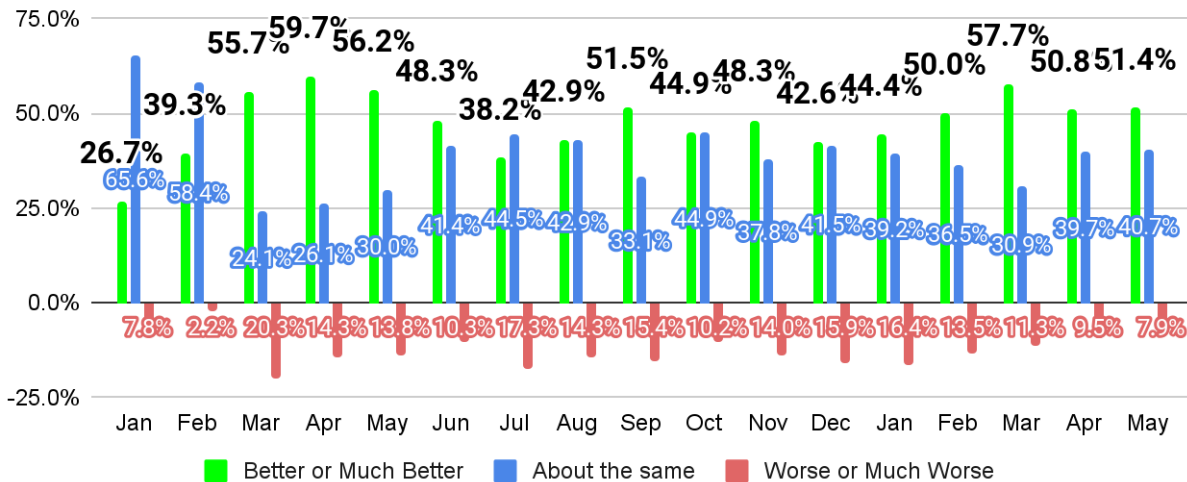
Entrepreneurs remain optimistic about business conditions in the coming months, correlating with their time frames for starting or buying their businesses. Over 51% of respondents believe that in three months, conditions will be "better or much better" than now. Conversely, the percentage seeing conditions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

the same time frame dropped in May to 7.9%, the lowest reading since the pandemic began.

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

Business Conditions Perceived Better and Likely to Stay That Way

Source: FranchiseInsights.com Startup Sentiment Index™ May 2021

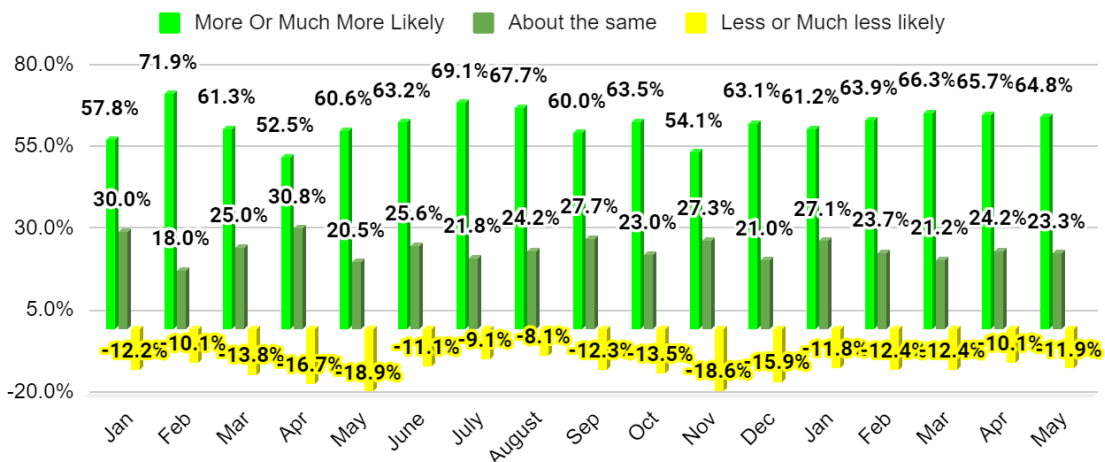


SENTIMENT IMPROVED FROM THREE MONTHS AGO

Almost two thirds of respondents are more sanguine about starting or buying their business now. In May 2021, 64.8% of respondents indicated they were **“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” at 11.9% remained in the narrow range of recent months.

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

Source: FranchiseInsights.com Startup Sentiment Index™ May 2021

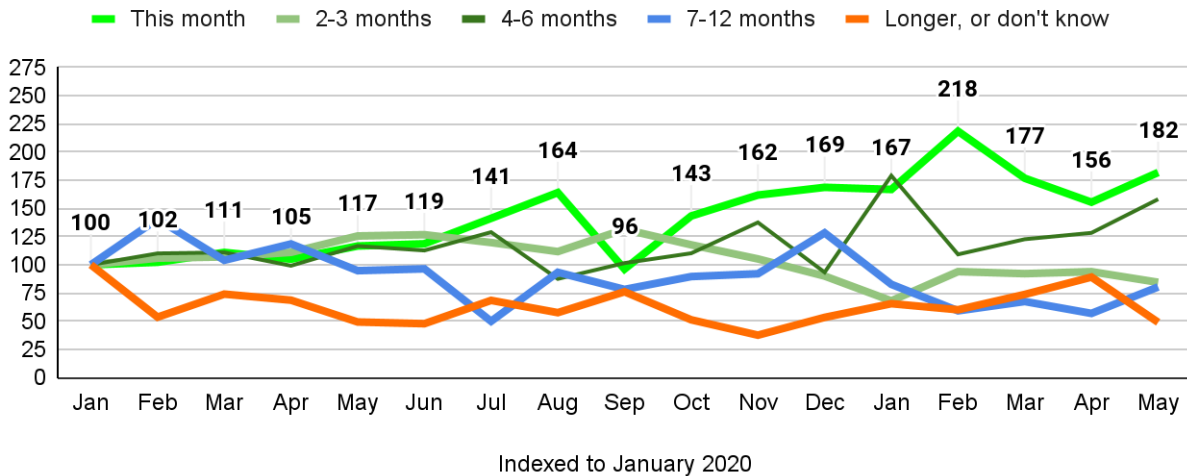


MIDYEAR STARTUP INTENTIONS CONFIRMED

In May, entrepreneurs expressing intent to start or buy **“this month”** grew to 26% of respondents, the second highest percentage on record, indexing at 182% of January 2020. Startups planned for the **“next 2-3 months”** slipped only slightly to 26% in May from 28.9% in April.

Startup Interest 1-3 Months Out Remains Strong

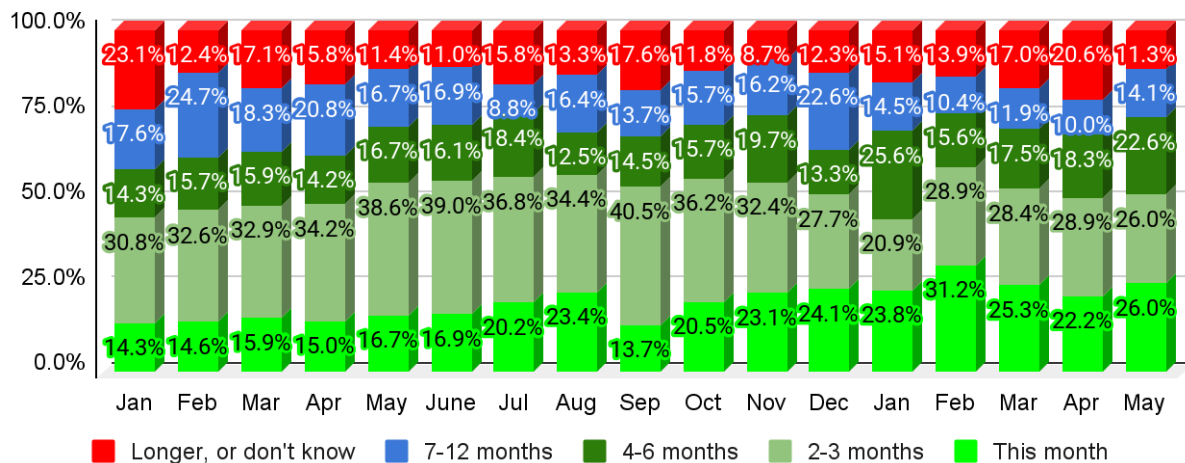
Source: FranchiseInsights.com Startup Sentiment Index™ May 2021



A majority at 52% 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 May to 22.6%, bringing the total with intent to start within 6 months to 74.6%.

Startup Intentions Within 6 Months Reach 74.6%

Source: FranchiseInsights.com Startup Sentiment Index™ May 2021

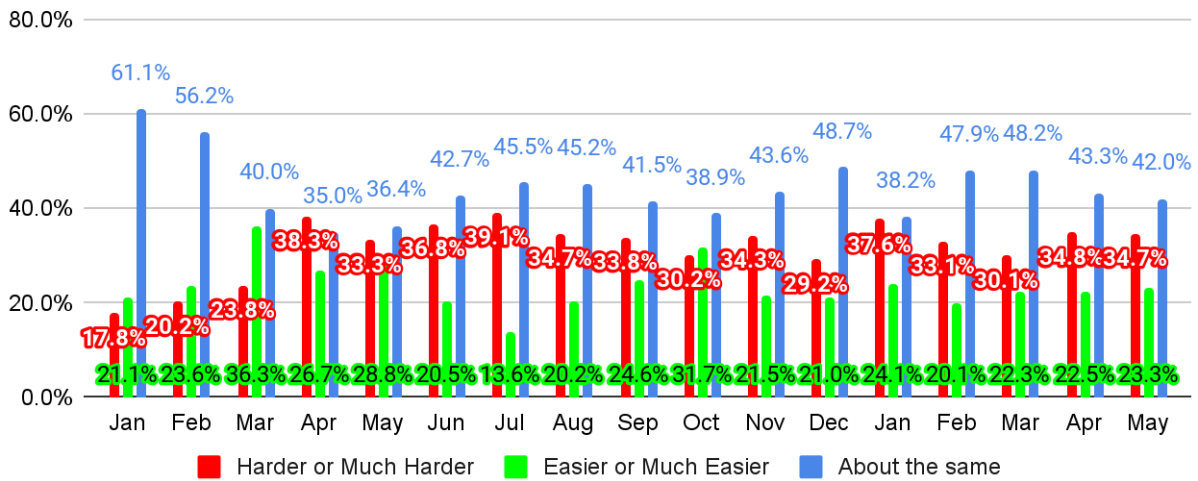


The most recent **Startup Sentiment Index™** survey was conducted May 20-27, 2021, as U.S. adult vaccination rates approached 63% and states relaxed business and travel restrictions as the Memorial Day holiday weekend approached.

ACCESS TO FUNDING REMAINS A TOP CONCERN

Outlook on Funding Consistent with the Prior Month

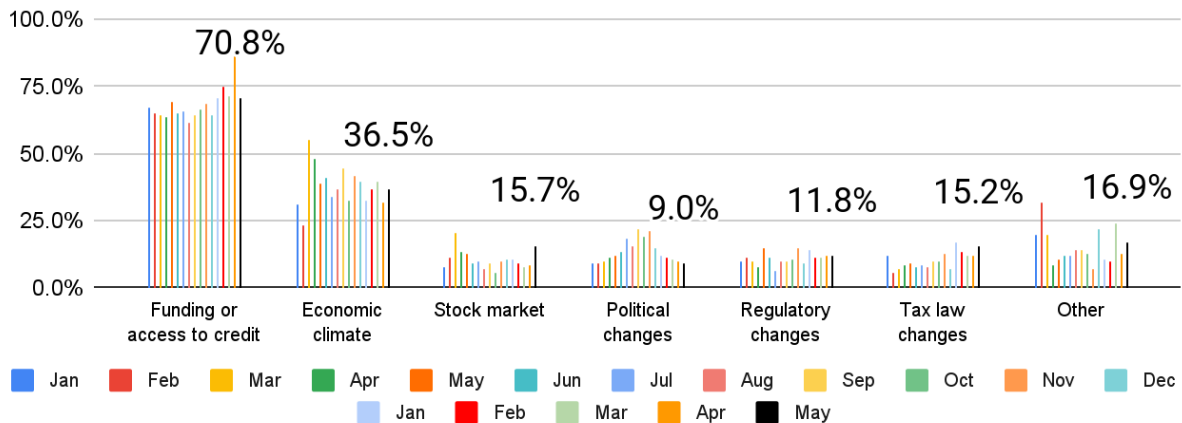
Source: FranchiseInsights.com Startup Sentiment Index™ May 2021



While access to funding was top of mind throughout 2020, prospective business startups have been slightly less concerned about availability of startup financing in recent months, with only 34.7% in May seeing it **“harder or much harder”** three months from now. On the other hand, an encouraging 42% see access to funding in three months being **“about the same”** and 23.3% seeing it getting **“easier or much easier.”**

Which of these factors will have the biggest impact in the next six months on your decision to start a business?

Source: FranchiseInsights.com Startup Sentiment Index™ May 2021



With other factors mostly declining over the last several months, 70.8% 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, down from the record high of 87.6% seen in April. Beyond funding, **“economic climate”** at 36.5% overshadowed all other factors cited in May.

As **“political changes”** continued to decline as a key factor, the stock market and tax law changes are trending upwards as factors. With the stock market near all-time highs, no doubt some entrepreneurs either see that as a source of liquid capital, or something to keep an eye on as their business startup approaches.

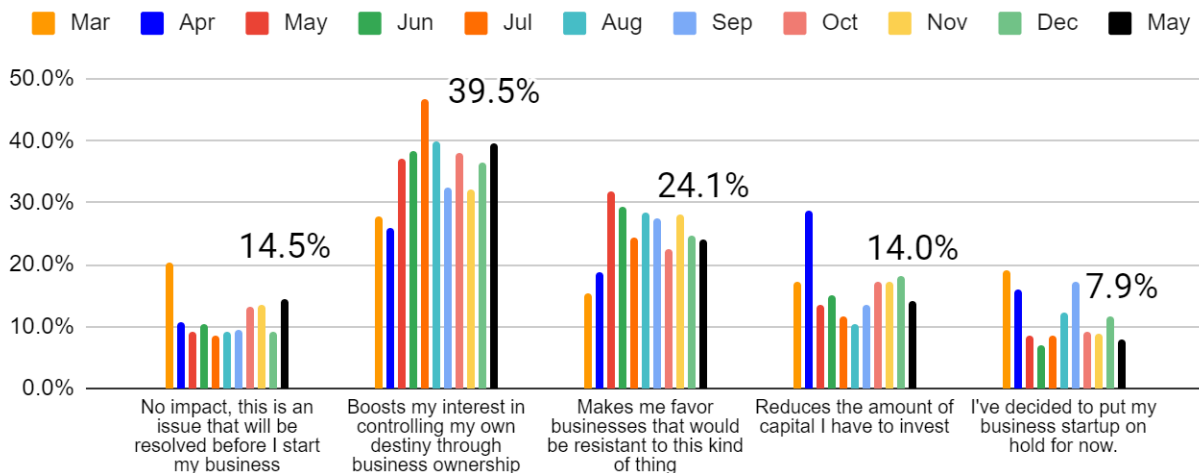
PANDEMIC IMPACT ON STARTUP SENTIMENT

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 cited the desire for **“controlling my own destiny through business ownership,”** at 39.5% of respondents in May. A recent low of 7.9% are putting their plans on hold, and 14.5% select that **“this is an issue that will be resolved”** before starting their businesses.

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 24.1% in May 2021, suggesting greater willingness to consider the franchise categories hardest hit by restrictions and social distancing as the pandemic recedes.

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

Source: FranchiseInsights.com Startup Sentiment Index™ May 2021



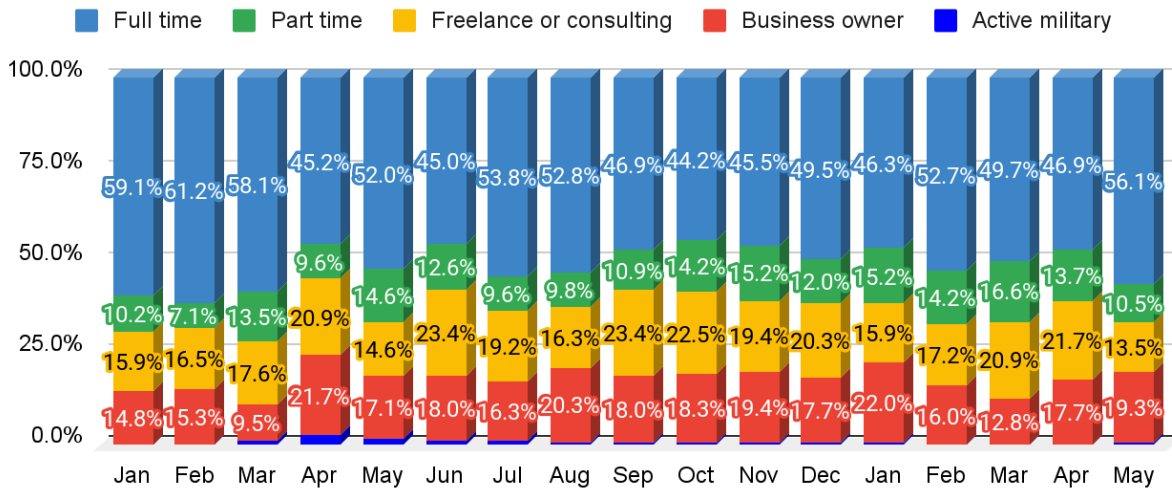
RESPONDENT DEMOGRAPHICS - OVER 75% EMPLOYED OR OWN BUSINESS

Of the survey respondents, 56.1% are currently employed full-time which is the highest percentage since March 2020 as the pandemic unfolded. Current business owners made up 19.3% of respondents, suggesting a desire to upgrade or diversify their businesses. Combined, full-time workers and business owners reached 75.4% of respondents.

About 24% were either working part-time or in a freelance capacity, and less 1% in the May 2021 survey were active duty in the military.

13-Month High in Aspiring Business Owners Who Are Currently Employed

Source: FranchiseInsights.com Startup Sentiment Index™ May 2021

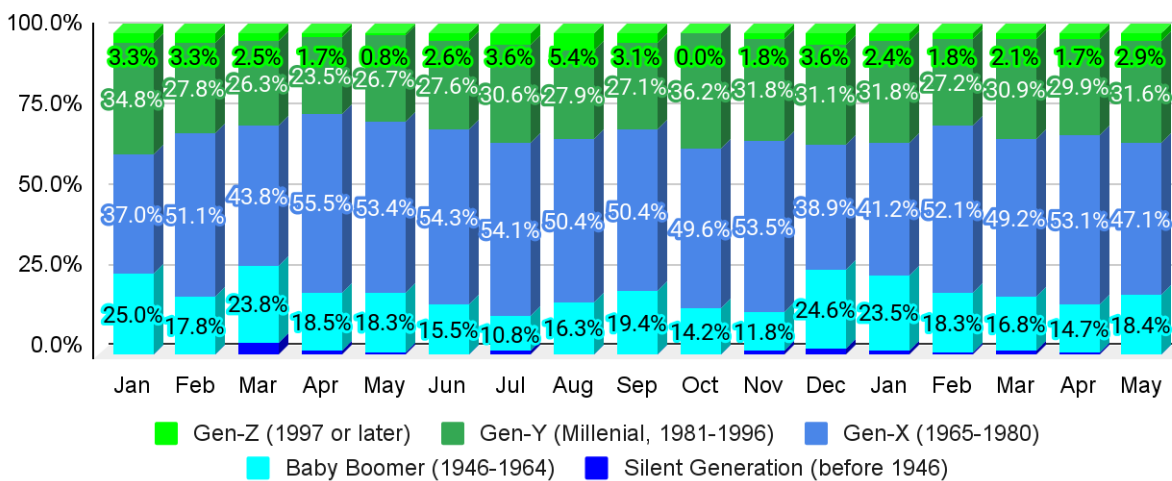


Gen-X (47.1%) and Gen-Y (31.6%) accounted for the highest percentages of survey respondents, consistent with prior surveys. Baby Boomers increased to 19.3% of respondents in May, but were still down from almost 25% in December 2020.

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™ May 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 Canada. Its franchise lead generation 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.

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