

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 November 19-26, 2020.

December 3, 2020

Small Business Startup Sentiment Index™ (SSI)

November Startup Sentiment Index™ Shows Record Startup Intent Planned for Spring 2021 Vaccine News and Reduced Uncertainty Portend Startup Boomlet

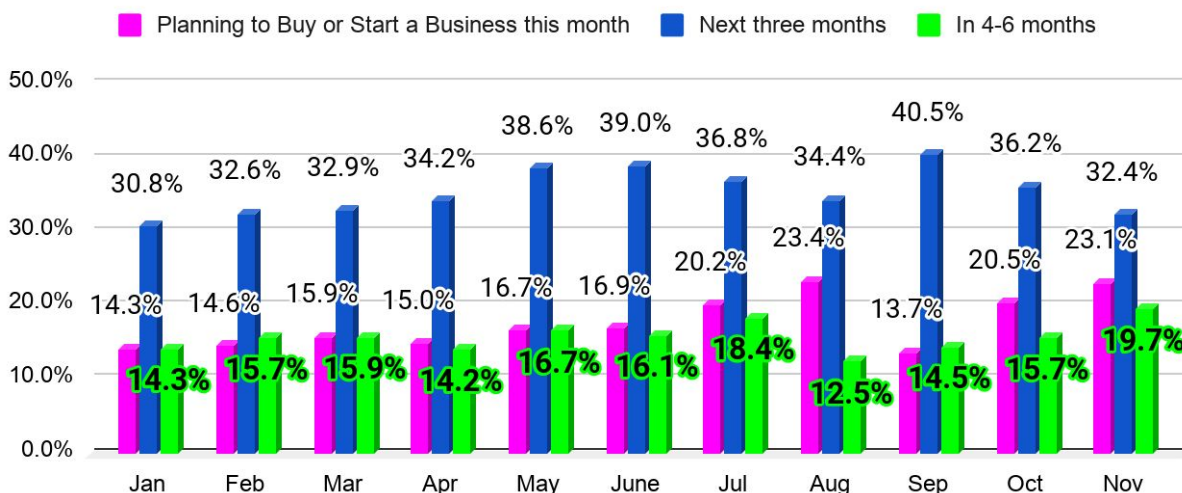
ANTICIPATED STARTUP TIMELINES ADVANCE

Startups planned for **“4-6 months out”** reached the highest levels ever recorded, at 19.7% of respondents, in the [FranchiseInsights.com Small Business Startup Sentiment Index™](#) (SSI) collected November 19-26, 2020, from individuals who have recently inquired about businesses for sale.

Entrepreneurs are increasingly optimistic about starting their businesses, with the expressed intent to start **“this month”** rising to 23.1% in the November survey vs. 20.5% in October, following a 49.6% increase over September. This implies a rapid rise in startups by mid-2021.

Anticipated Business Startups "4-6 Months Out" Reach 2020 High

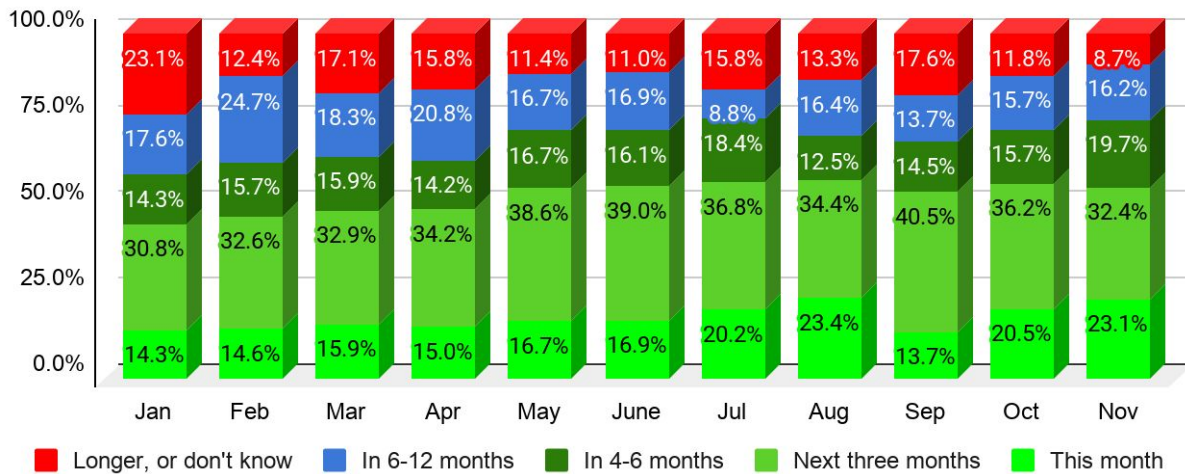
Source: FranchiseInsights.com Startup Sentiment Index™ Nov 2020



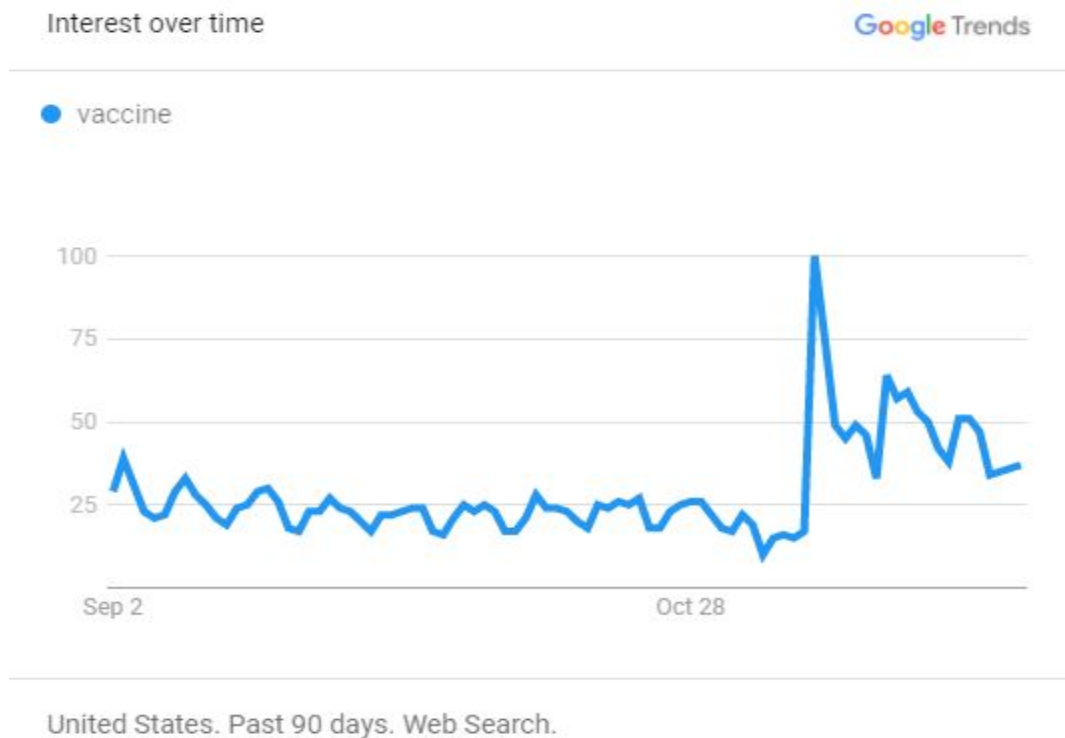
The advance pulls forward startup intentions in the **“next three months”**, which dropped from 40.5% in September to 36.2% in October. Respondents with time frames longer than 6-12 months or who are unsure about time frame dropped to 8.7%, the **lowest seen since the monthly survey began in January 2020**.

Startups for "This Month" Advance in November Survey

Source: FranchiseInsights.com Startup Sentiment Index™ Nov 2020



The reasons for optimism seem apparent. This survey was taken November 19-26, after Pfizer and German BioNTech presented preliminary data on November 9, 2020, indicating that their coronavirus vaccine was over 90 percent effective. Moderna reported similar findings on November 16. These announcements along with diminishing election uncertainty are likely factors in increasing business startup confidence. A spike in U.S. Google searches for “vaccine” occurred on November 9.

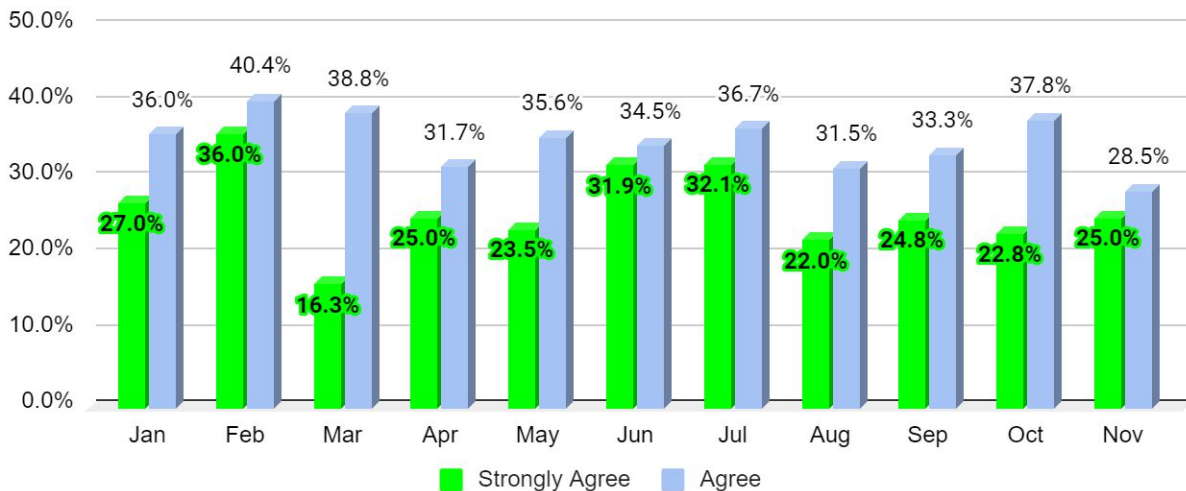


STARTUP INVESTOR TIMING SENTIMENT

The number of respondents who strongly agree that "now is a good time to start a business" reached a four-month high at 25% in November.

Is NOW is a good time to start a business?

Source: FranchiseInsights.com Startup Sentiment Index™ Nov 2020

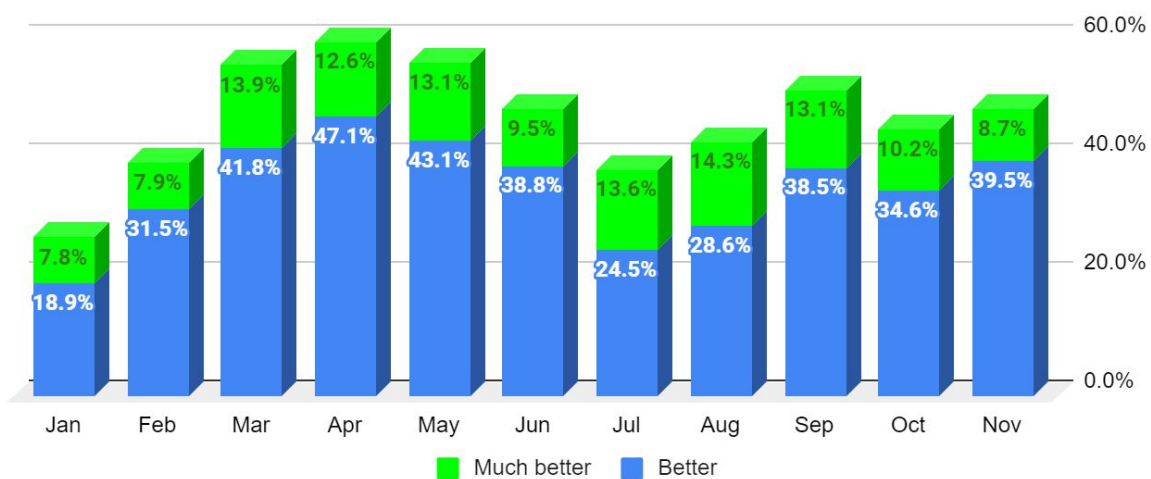


OUTLOOK ON BUSINESS CONDITIONS

Respondents remain optimistic about business conditions in the coming months, roughly coincident with their expected time frames for starting their businesses. Over 48% of respondents believe that in three months, business conditions will be "better" or "much better" than now.

Entrepreneurs Optimistic about Conditions 3 Months Out

Source: FranchiseInsights.com Startup Sentiment Index™ Nov 2020

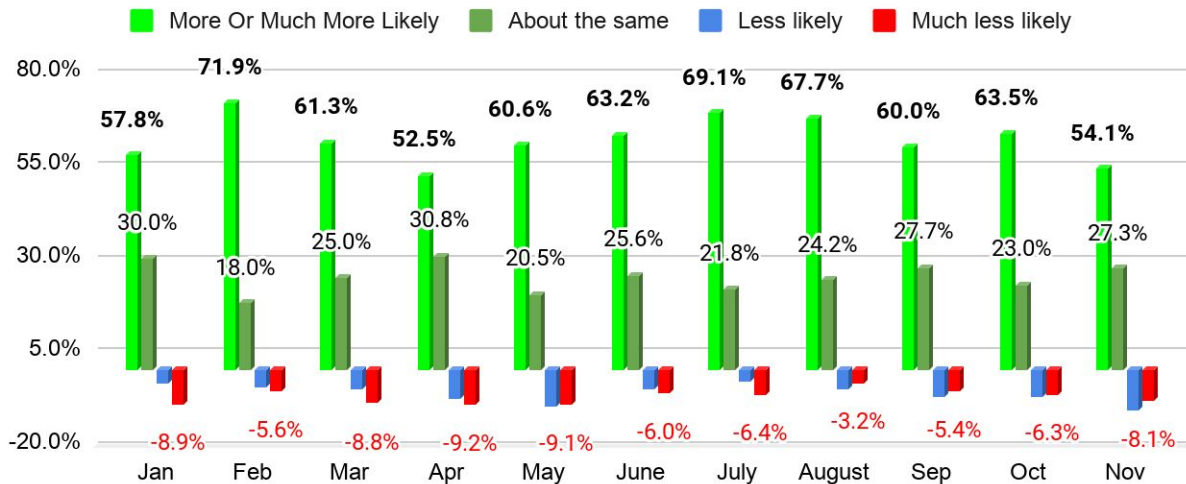


SENTIMENT IMPROVED FROM THREE MONTHS AGO

A clear majority of respondents are more sanguine about starting or buying a business now compared to three months ago, with election uncertainty diminished and vaccines ahead. In November, 54.1% of respondents indicated they are **“more likely to start a business now than three months ago”** and another 27.3% say likelihood is “about the same.” Survey respondents that were “less or much less likely to start a business than three months ago” increased slightly to 8.1%.

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

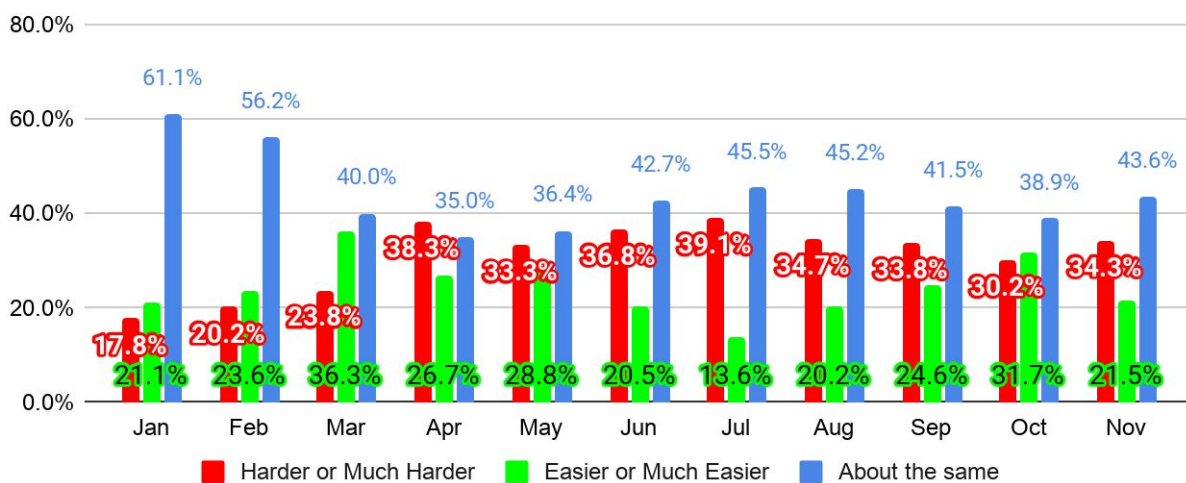
Source: FranchiseInsights.com Startup Sentiment Index™ Nov 2020



ACCESS TO FUNDING REMAINS A KEY CONCERN

Outlook on Funding 3 Months Out Weakens

Source: FranchiseInsights.com Startup Sentiment Index™ Nov 2020



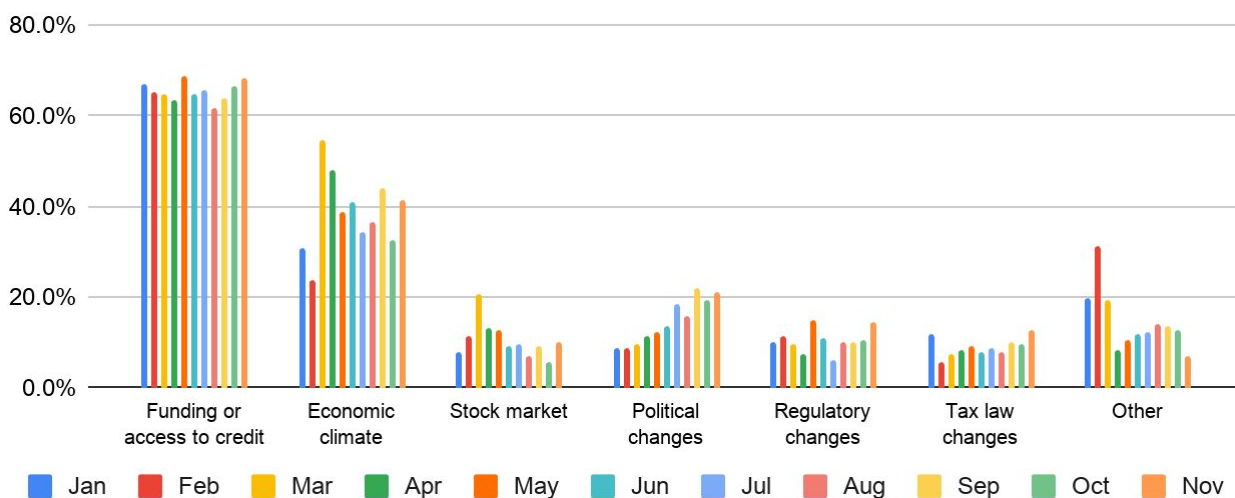
While access to funding was top of mind throughout 2020, prospective business startups are becoming increasingly concerned about startup financing, with fewer

seeing it getting “**easier or much easier**”, and more seeing it “harder or much harder.” On the other hand, an encouraging 43.6% see access to funding in three months being “**about the same.**”

CONCERNS ABOUT POLITICAL CHANGES GREW POST-ELECTION

Funding Remains the Biggest Barrier to Business Startup

Source: FranchiseInsights.com Startup Sentiment Index™ Oct 2020



In each month of 2020, over 60% of prospective business buyers cited “**funding or access to credit**” as a key factor in their decision to buy or start a business. Beyond funding, “**economic climate**” at 41.5% overshadowed most other factors cited in November, rising from 32.8% in the prior month. In the first survey post-election, 21.1% of prospective business buyers still cited “**political changes**” as a key factor, up slightly from 19.2% in October, perhaps related to the uptick to 12.9% in those concerned about “**tax law changes.**”. Until November’s uptick, entrepreneurs responding that the “**economic climate**” and “**stock market**” were key factors in their decisions had been steadily trended downward since March, when fear and uncertainty levels were at their peak.

PANDEMIC IMPACT ON STARTUP SENTIMENT

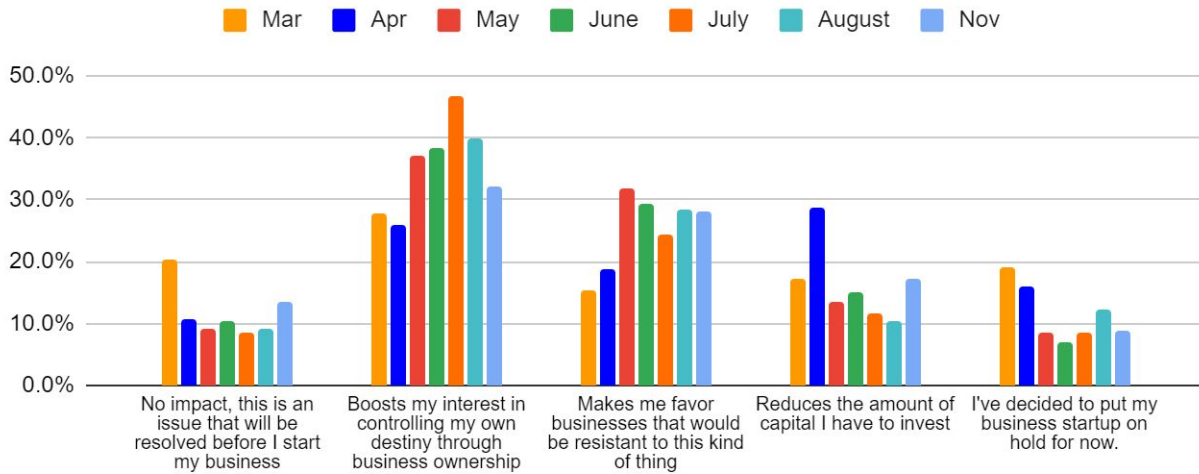
When asked how Covid-19 had affected their interest in starting a business or opening a franchise, respondents to the [FranchiseInsights.com](https://www.franchiseinsights.com) Small Business Startup Sentiment Index™ most often cite the desire for “**controlling my own destiny through business ownership,**” although that factor dipped again in November. Fewer are putting their plans on hold, and now 13.6% feel that “this is an issue that will be resolved” before starting their businesses - **the highest recorded since the onset of the virus.**

Responses to the same question also revealed a strong orientation toward “businesses that would be resistant” to shocks like Covid-19. Aspiring owners are gravitating to

franchise brands that haven't been sidelined by social distancing measures or forced closures, as seen in [recent studies at FranchiseInsights.com](#). Indeed, 28% of respondents in November indicate the types of businesses sought are being shaped by the pandemic, up from 22.4% in September.

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

Source: FranchiseInsights.com Startup Sentiment Index™ Nov 2020



RESPONDENT DEMOGRAPHICS

Of the survey respondents, 45.5% are currently employed full-time. Surprisingly, another 19.4% were current business owners, suggesting a desire to grow or diversify. About 34.5% were either working part-time or in a freelance capacity, and 0.6% were active military personnel.

Fewer Aspiring Business Owners Are Currently Employed

Source: FranchiseInsights.com Startup Sentiment Index™ Nov 2020

