

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 October September 23-30, 2020.

November 10, 2020

Small Business Startup Sentiment Index™ (SSI)

October Startup Sentiment Index™ Shows a Three-Month Trend in Increasing Startup Momentum

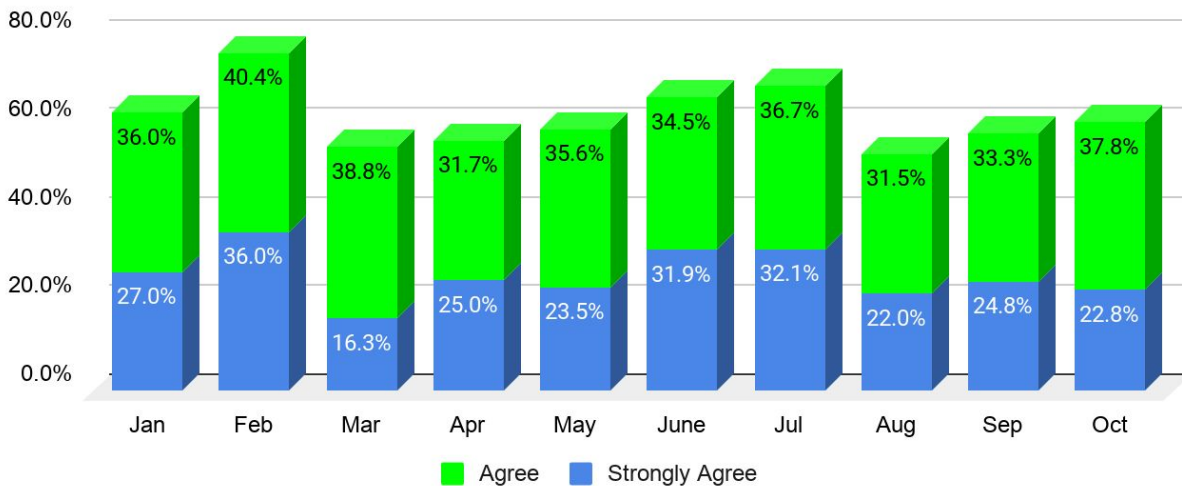
Aspiring Business Owners Looking Beyond Election

STARTUP INVESTOR TIMING SENTIMENT

The number of respondents agreeing that **"now is a good time to start a business"** reached a three-month high at 60.6% in October, from a monthly survey of individuals who have recently inquired about businesses for sale, in responses collected Oct 24-26 2020, for the [FranchiseInsights.com](#) **Small Business Startup Sentiment Index™** (SSI).

Is NOW is a good time to start a business?

Source: FranchiseInsights.com Startup Sentiment Index™ Oct 2020

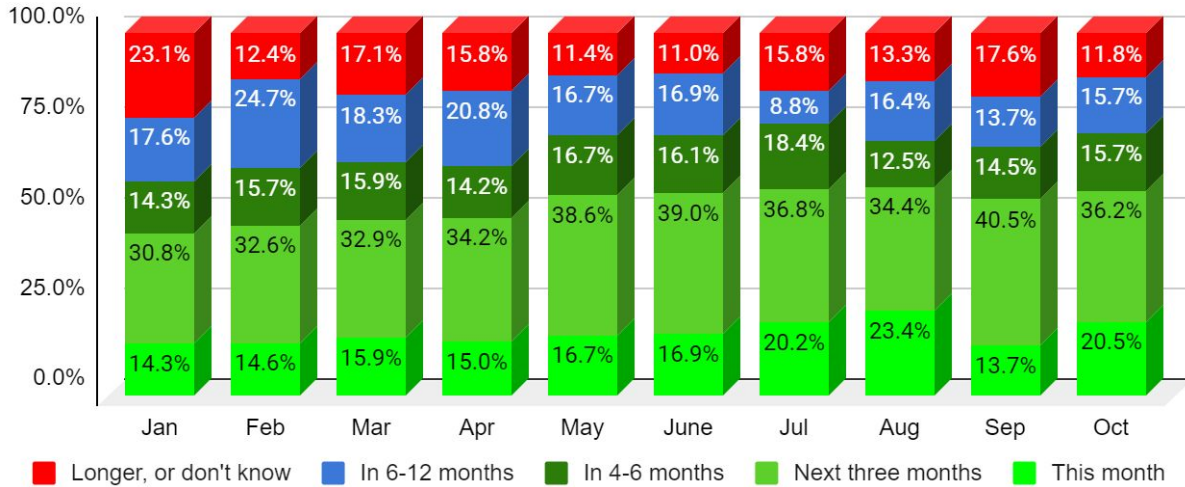


ANTICIPATED STARTUP TIMELINES ADVANCE

Entrepreneurs are increasingly optimistic about starting their businesses with the expressed intent to start **"one month out"**, rising to 20.5% from the October survey vs. 13.7% in September -- a 49.6% increase. This implies a rapid rise in startups as the end of 2020 approaches. The advance pulls forward startup intentions in the **"next three months"**, which dropped from 40.5% in September to 36.2% in October.

Timeframes for Startups Advance in October Survey

Source: FranchiseInsights.com Startup Sentiment Index™ Oct 2020

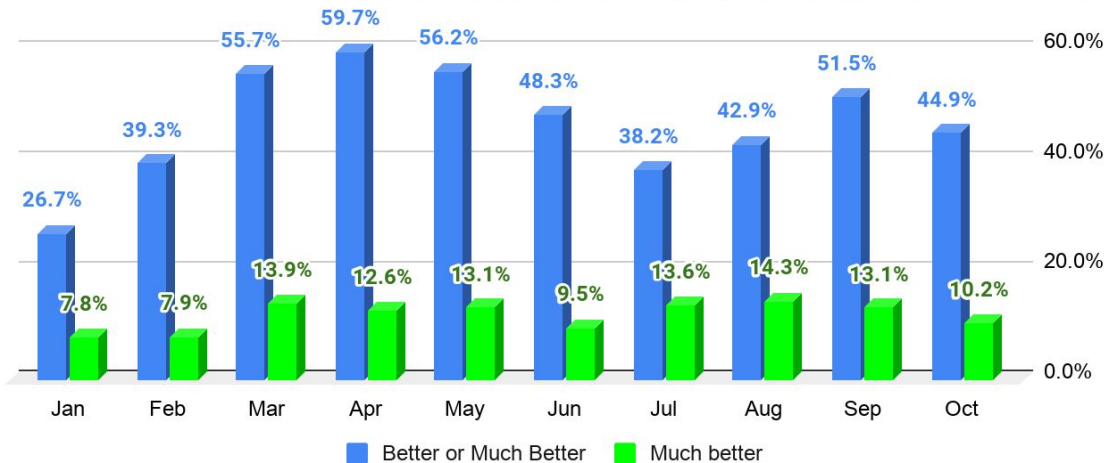


OUTLOOK ON BUSINESS CONDITIONS

Respondents were optimistic about business conditions three months ahead, roughly coincident with their expected time frames for starting their businesses. Over 55% of respondents believe that in three months, business conditions will be “better” or “much better” than now.

Entrepreneurs Optimistic about Conditions 3 Months Out

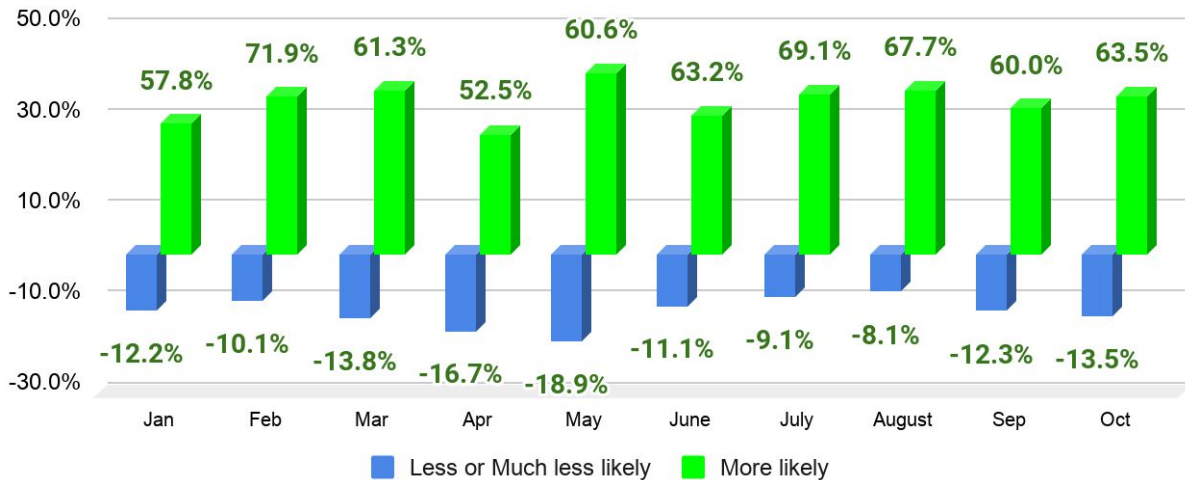
Source: FranchiseInsights.com Startup Sentiment Index™ Oct 2020



SENTIMENT MUCH IMPROVED FROM THREE MONTHS AGO

How likely Are You To Start a Business Now versus Three Months Ago?

FranchiseInsights.com Small Business Startup Sentiment Index™ Oct 2020

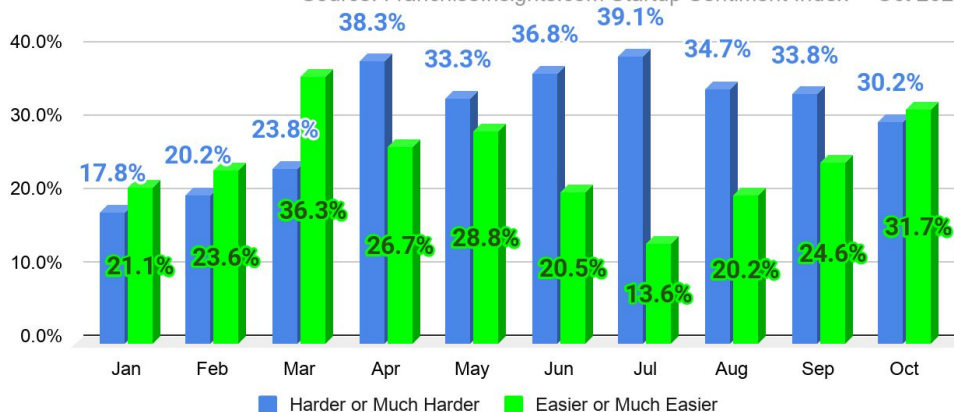


In October, 63.5% of respondents indicated they are **“more likely to start a business now than three months ago”** while the percentage of respondents that were “less or much less likely to start a business than three months ago” increased slightly to 13.5%. These notable improvements in buyer optimism *might* suggest that concerns about the pandemic have been recently overshadowed by concerns about the near-term economy and the election that was to come in the next few days.

ACCESS TO FUNDING REMAINS A CONCERN, BUT IMPROVES

Buyer Outlook on Funding Improves

Source: FranchiseInsights.com Startup Sentiment Index™ Oct 2020



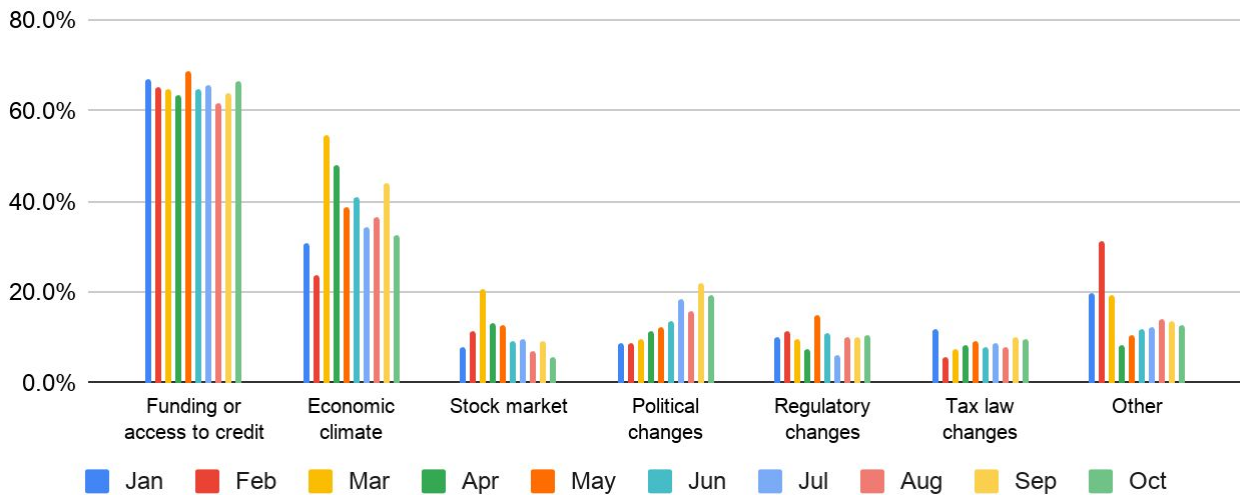
While access to funding has remained top of mind for prospective business buyers throughout 2020, an encouraging trend has developed over the last four months. In late October, 31.7% of survey respondents expected funding to be **“easier or much easier”** to obtain in three months. Similarly, for the third consecutive month, the

percentage of respondents that believe funding will be “harder or much harder” to access decreased, down to 30.2% in October.

CONCERNS AMONG ENTREPRENEURS AS ELECTION APPROACHED

Funding Remains the Biggest Barrier to Business Startup

Source: FranchiseInsights.com Startup Sentiment Index™ Oct 2020



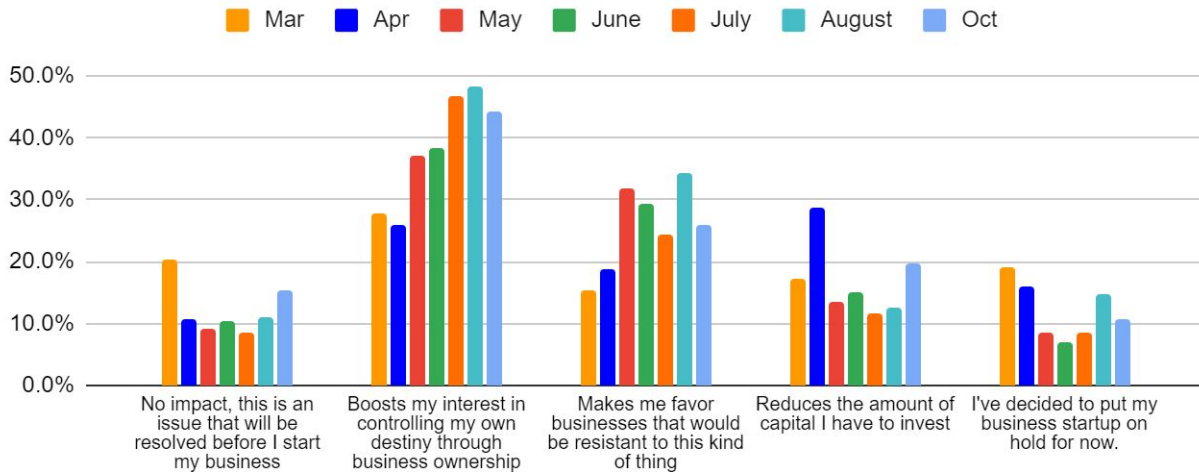
In each month of 2020, over 60% of prospective business buyers cited “**funding or access to credit**” as a key factor in their decision to buy or start a business. “**Economic climate**” at 32.8% of respondents overshadowed most other factors cited in October, dropping from 44.3% in the prior month. Though 19.2% of prospective business buyers cited “**political changes**” as a key factor, this was a significant decrease from 22.1% in September. Entrepreneurs responding that the “economic climate” and “stock market” were key factors in their decisions have 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™ cite most often the desire for “**controlling my own destiny through business ownership,**” though that factor dipped a bit in October. There was an uptick in putting their plans on hold, although they are in the minority. While the real cause is unknown, late October saw an increase in confirmed cases with more widespread testing, and a return to increases in the number of deaths.

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

Source: FranchiseInsights.com Startup Sentiment Index™ Oct 2020



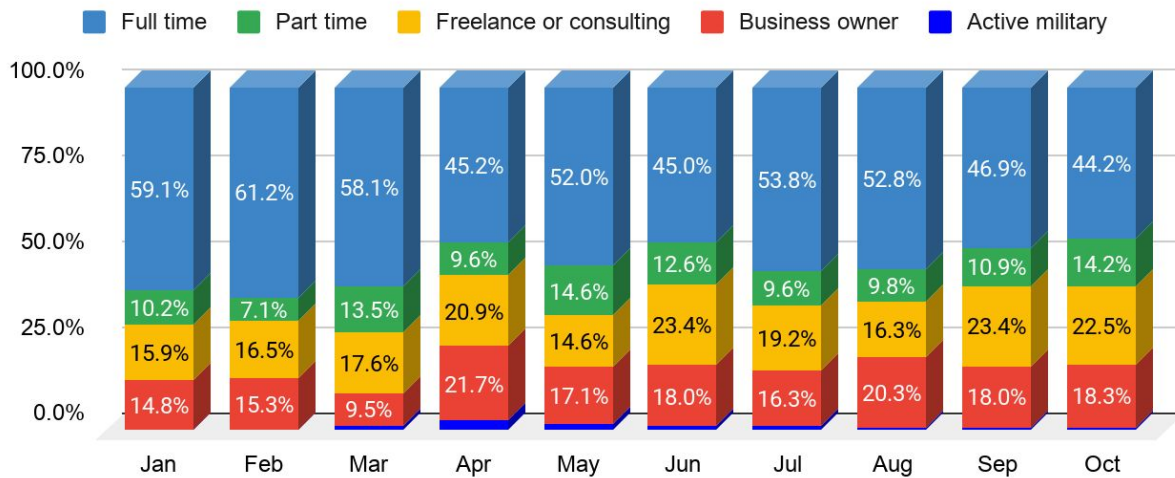
Responses to the same question also revealed a strong orientation toward “businesses that would be resistant” to shocks like Covid-19. As detailed in a recent article on [rising interest in certain franchise categories](#), aspiring owners are gravitating to franchise brands that haven’t been sidelined by social distancing measures and forced closures. Indeed, 44.3% of respondents in October indicate the types of businesses sought are being shaped by the pandemic, up from 32.8% in September.

RESPONDENT DEMOGRAPHICS

Of the survey respondents, 44.2% are currently employed full-time. Surprisingly, another 18.3% were current business owners, suggesting a desire to grow or diversify. About 36.7% were either working part-time or in a freelance capacity, and less than 1% were active military personnel.

Fewer Aspiring Business Owners Are Currently Employed

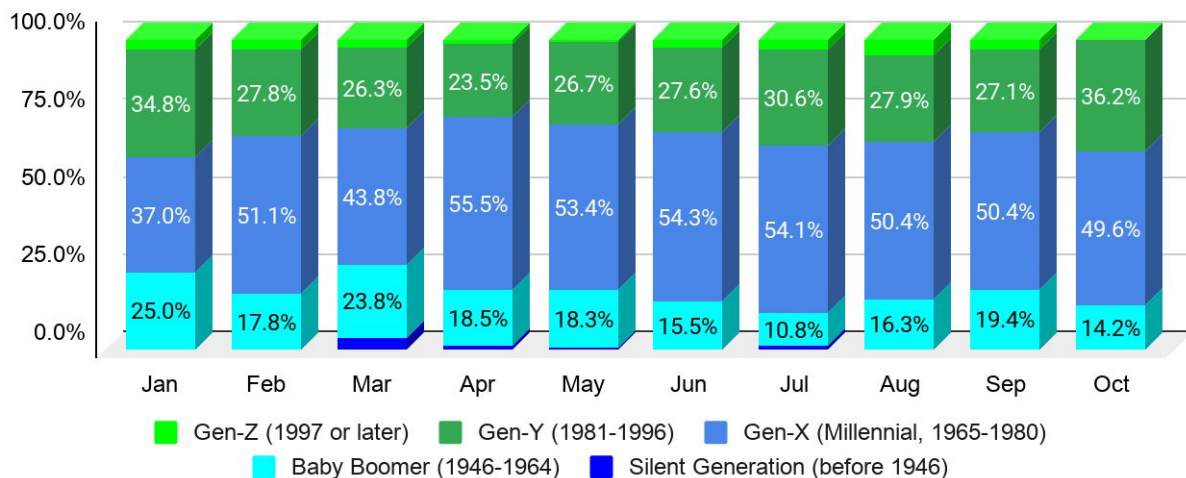
Source: FranchiseInsights.com Startup Sentiment Index™ Oct 2020



Gen-X (50%) and Gen-Y (27%) accounted for the highest percentage of survey respondents, consistent with prior surveys, though Baby Boomers at 14.2% remained a strong cohort. See also a complete profile of the [demographics of aspiring business buyers](#) from a large demographic sample January to June 2020.

Gen-X (Millennials) and Gen-Y Dominate Startup Interest

Source: FranchiseInsights.com Startup Sentiment Index™ Oct 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](#).

[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.

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