

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](http://FranchiseVentures.com). This survey was conducted September 22-26, 2020.

October 22, 2020

September Small Business Startup Sentiment Index™ (SSI)

September Startup Sentiment Index™ Shows Highest-Ever Indications of Startups Planned 3 Months Out

Pending Election Puts October Startup Plans on Hold

In a remarkable turn, future business owners planning to start “this month” dropped, while startups planned “3 months out” reached the highest ever recorded in responses collected September 23-30, 2020, for the FranchiseInsights.com **Small Business Startup Sentiment Index™**.

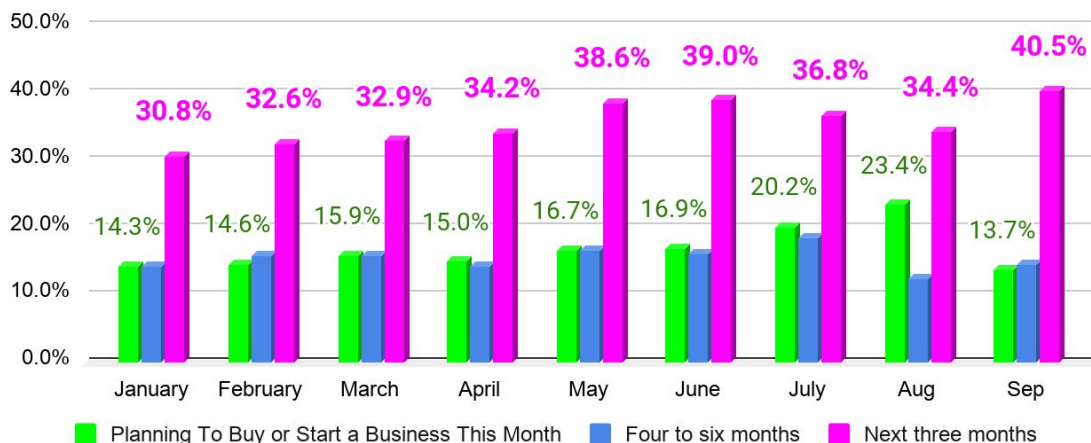
STARTUP INTENT THREE MONTHS FROM NOW

Respondents were optimistic about business conditions three months ahead, roughly coincident with their expected timeframes for starting their businesses. Entrepreneurs planning their **startups three months out reached 40.5%** of the total, coinciding with the end of 2020.

Those planning their startup “this month” dropped, likely due to concerns over the election and the current business environment now compared to a few months out, as shown for reasons made clear in the factors section below.

Anticipated Business Startups 3 Months Out Reach New High

Source: FranchiseInsights.com Startup Sentiment Index™ Sept. 2020

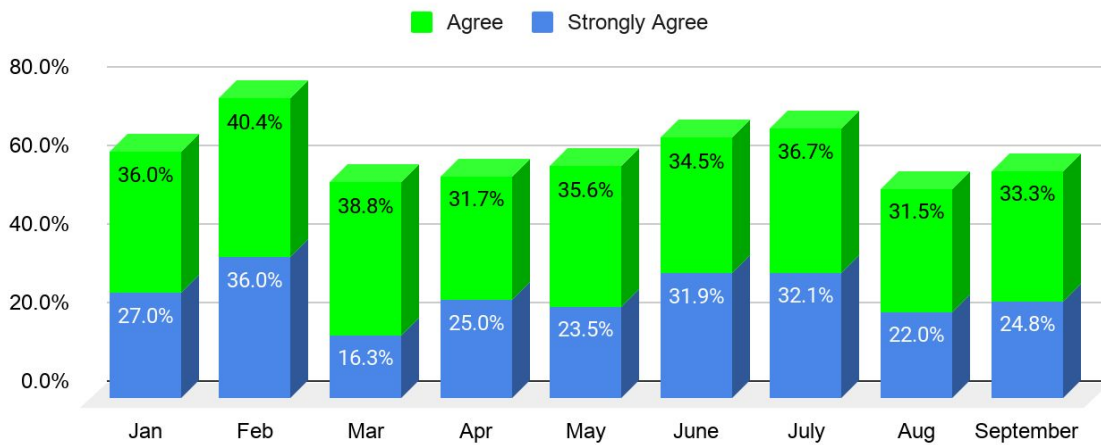


STARTUP INVESTOR TIMING SENTIMENT

September data showed the second consecutive monthly increase in percentage of respondents who indicate that they “agree” or “strongly agree” that “**now is a good time to start a business**”, down from the July peak that occurred after the first wave of business re-openings. Granted, this is a survey of individuals seeking information about franchises and business options — perhaps inclined towards optimism and “animal spirits” — not a survey of the general population.

Is NOW is a good time to start a business?

Source: FranchiseInsights.com Startup Sentiment Index™ Sept. 2020

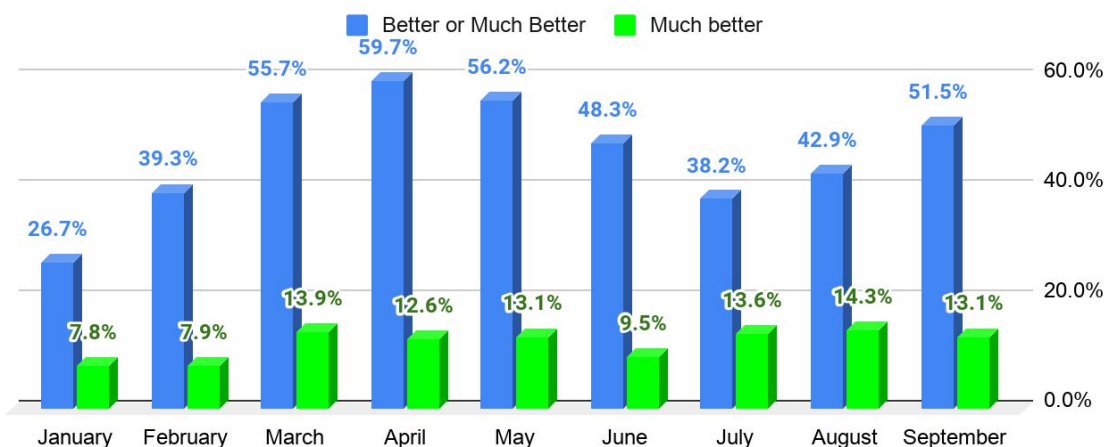


OUTLOOK ON BUSINESS CONDITIONS

Respondents were optimistic about business conditions three months ahead, roughly coincident with their expected time frames for starting their businesses. Almost 65% of respondents believe that in three months, business conditions will be “better” or “much better” than now.

Entrepreneurs Optimistic about Conditions 3 Months Out

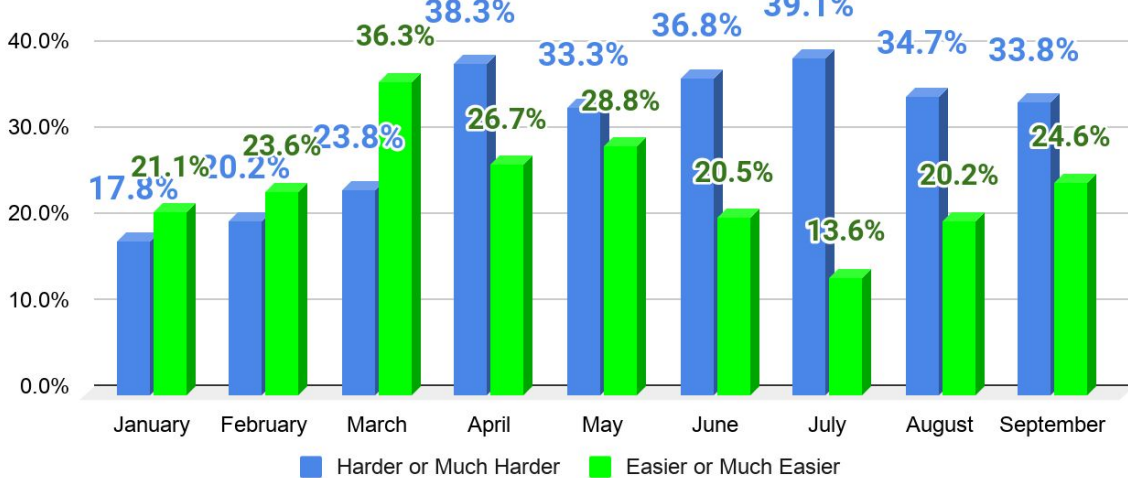
Source: FranchiseInsights.com Startup Sentiment Index™ Sept. 2020



ACCESS TO FUNDING REMAINS A PRIMARY CONCERN

Business Buyer Outlook on Funding Accessibility

Source: FranchiseInsights.com Startup Sentiment Index™ Sept. 2020

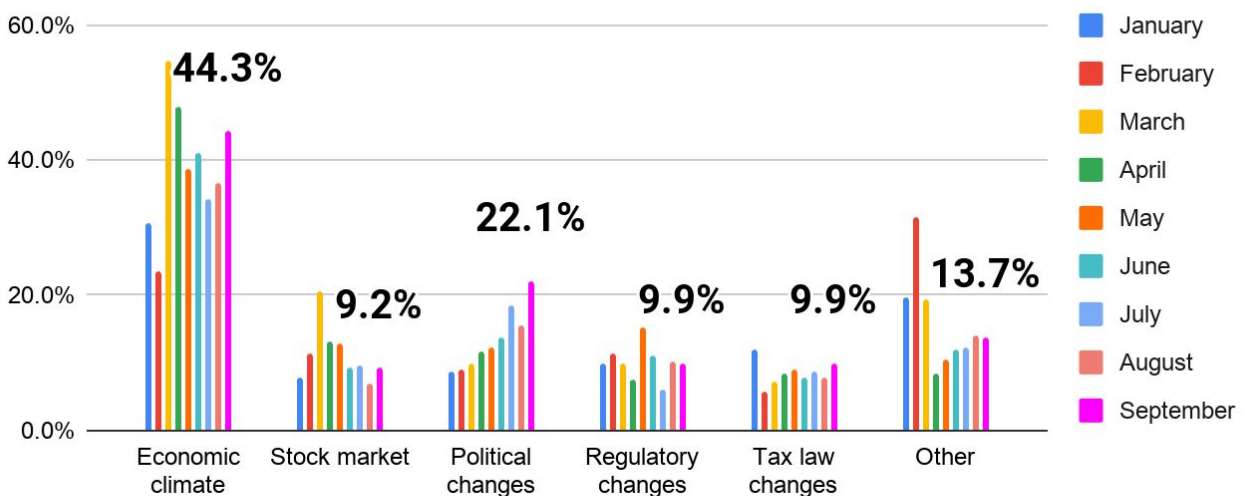


While access to funding has remained top of mind for prospective business buyers throughout 2020, an encouraging trend has developed. Almost 25% of survey respondents expect funding to be “easier or much easier” to obtain in three months, the third consecutive month of an increased reading. Similarly, for the third consecutive month, the percentage of respondents that believe funding will be “harder or much harder” to access decreased, down to 34% in September.

CONCERNS AMONG ENTREPRENEURS AS ELECTION APPROACHES

Downers: Economic Climate and Political Changes

Source: FranchiseInsights.com Startup Sentiment Index™ Sept. 2020



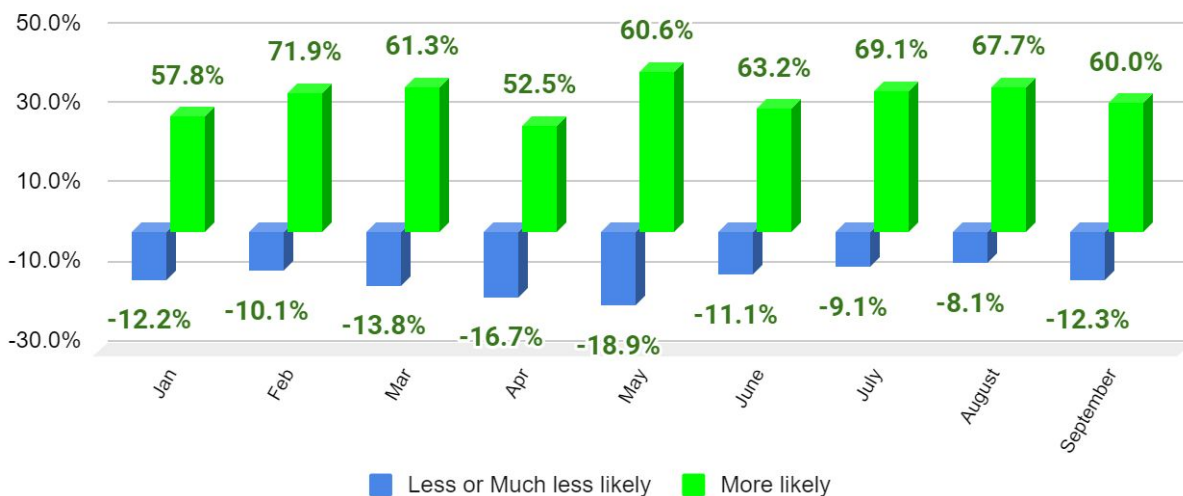
In each month of 2020, over 60% of prospective business buyers cited “**funding or access to credit**” as a key factor in their decision to buy or start a business. “**Economic climate**” at 44.3% of respondents overshadows most other factors cited in September, though 22.1% of prospective business buyers cited “**political changes**” as a key factor, increasing from 8.8% of respondents in January to 22.1% in September. This was an **increase of more than twofold in nine months**, on the eve of perhaps the most extraordinary and contentious election in our lifetimes.

Entrepreneurs responding that the “economic climate” and “stock market” were key factors in their decision have steadily trended downward since March, when fear and uncertainty levels were at their peak.

SENTIMENT CHANGE FROM THREE MONTHS AGO

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

FranchiseInsights.com Small Business Startup Sentiment Index™ Aug 2020



Sentiment dipped in September from the two prior months. In [August we reported the encouraging development](#) that almost 68% of August respondents indicated they are “more likely to start a business now than three months ago,” and the percentage of respondents that were “less or much less likely to start a business than three months ago” decreased to 8%, the lowest reading in 2020. 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 upcoming election.

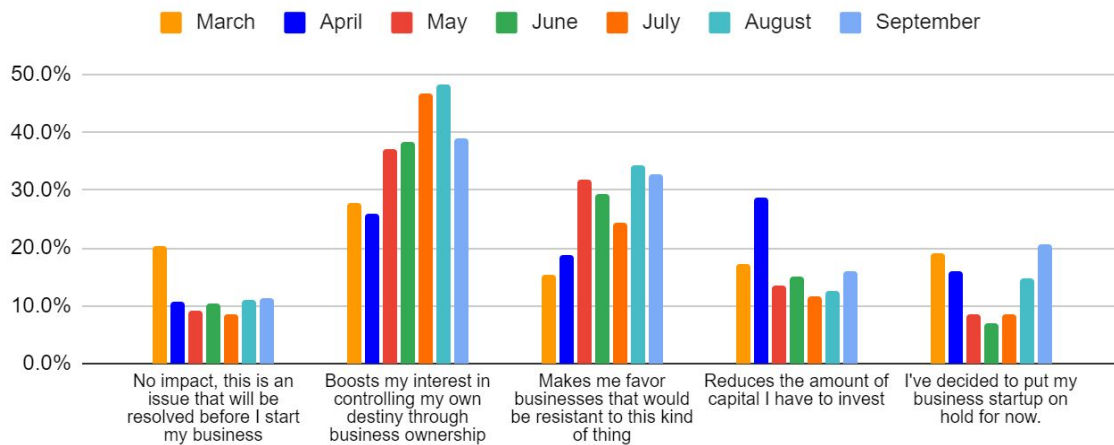
PANDEMIC IMPACT ON STARTUP SENTIMENT

When asked how Covid-19 had affected their interest in starting a business or opening a franchise, respondents to the [FranchiseInsights.com](#) Small Business Startup Sentiment Index™ showed a noticeable increase in the desire for “controlling my own destiny through business ownership,” up from 27.9% in March to 38.9% in September of

2020. While the cause is unknown, the high (though improving) unemployment rate and the rising stock market likely were factors.

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

Source: FranchiseInsights.com Startup Sentiment Index™ Sept. 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, 32.8% of respondents in September indicate their searches are being shaped by these considerations.

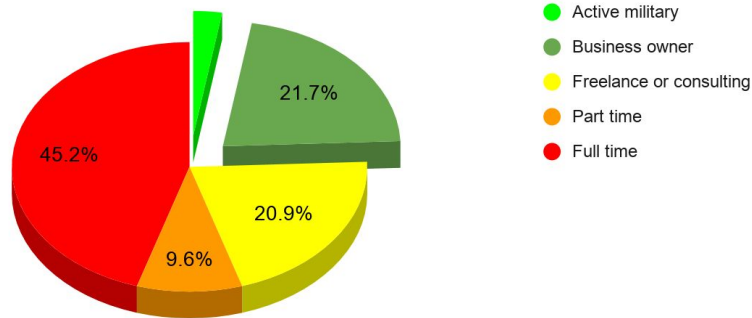
Some entrepreneurs have had to recalibrate their expectations regarding how much they can invest in a startup business. In September, 16% of respondents indicated that Covid-19 “reduced the amount of capital I have to invest.” On a positive note, that figure was down considerably from April’s high-water mark of 28.7%, suggesting that the stock market’s recovery might have refilled their coffers.

RESPONDENT DEMOGRAPHICS

Of the survey respondents, 45% are currently employed full-time. Most interestingly, another 18% were current business owners, suggesting a desire to diversify. About 34% were either working part-time or in a freelance capacity, with roughly 1% being active military personnel.

How are you currently employed?

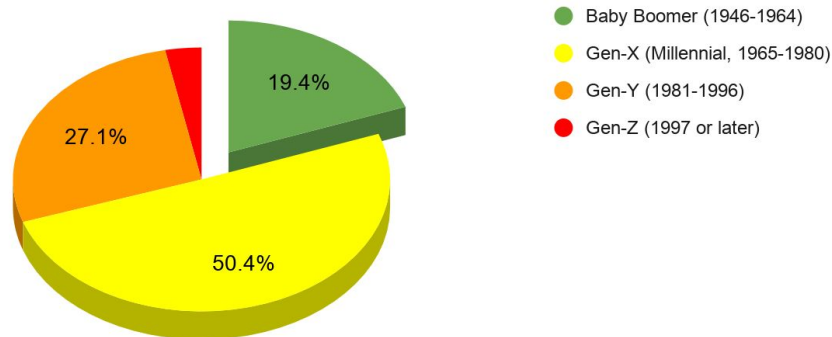
Source: FranchiseInsights.com Startup Sentiment Index™ Sept. 2020



Gen-X (50%) and Gen-Y (27%) accounted for the highest percentage of survey respondents, though Baby Boomers at 19% 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.

In what year were you born?

Source: FranchiseInsights.com Startup Sentiment Index™ Sept. 2020



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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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