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 September 21-28, 2023.

Norfolk, Virginia – Released October 4, 2023
Small Business Startup Sentiment Index™ (SSI)

Now Is The Time to Launch Startups, Say Aspiring Franchisees

STARTUP SENTIMENT RISES

A one-year high of almost 62% of survey respondents either agree or strongly agree that “now is a good time to start a business” and 75% of respondents see conditions for business startups “the same or better in three months.” In September 2023, 51.3% of entrepreneurs planned their startups within the next three months, and 69.8% within the next six months. And 69% of entrepreneurs surveyed say they are “more likely to launch their startups than three months ago.” FranchiseInsights.com compiles monthly the Small Business Startup Sentiment Index™ (SSI) of individuals who have recently inquired about franchises or businesses for sale.

61.9% of Respondents Agree Now a Is Good Time for Startup

The survey was conducted September 21-28, 2023. This continuing trend in entrepreneurial optimism parallels the ongoing surge in new business applications since September 2020 as reported by the US Census Bureau. These relatively sanguine views on conditions for business startup are consistent with long-term trends of the Conference Board’s Survey of Consumer Confidence and The University of Michigan
Consumer Sentiment Surveys as seen on the St. Louis Federal Reserve’s FRED website, with both measures generally improving since June 2022.

SENTIMENT: THINGS ARE PRETTY GOOD NOW – NO NEED TO WAIT

Reversing a multi-year downtrend in sentiment about future business conditions, 75% of respondents see conditions no worse – staying the same or getting better in three months– with 50% seeing conditions “about the same.”

Now only 25% of respondents believe that in three months, conditions will be “better or much better” than now, down from the 50-60% readings at the height of the pandemic. This is consistent with the year uptrend in consumer confidence, and comfort with near-term business conditions. On the other hand, the same percentage (25%) see conditions “worse or much worse” three months ahead.

RESPONDENT SENTIMENT BETTER THAN 3 MONTHS AGO

Respondents are more upbeat now about starting or buying their business than they were three months ago. In September 2023, 69% of those responding indicated that they were “more or much more likely to start a business now than three months ago.” With 20.2% “about the same,” that means that 89.2% are as likely or more likely to launch their startups than they were three months ago.

The percentage of survey respondents who were “less or much less likely to start a business than three months ago” fell back to 10.7%, below the 11.8% average over the most recent 12 months.
How likely are you to start a business now compared to 3 months ago?

Source: Franchiselnsights.com Startup Sentiment Index™ Sep 2023

More Or Much More Likely  About the same  Less or Much less likely

‘NEXT MONTH’ TIME FRAME RETURNS TO RECENT BASELINE

Looking back over four years of data, the index of entrepreneurs expressing intent to start or buy “next month“ fell back to 190% of January 2020 levels. We do not have information about why timeframes have shortened and stayed that way since the pandemic ensued. On the other hand, the index of aspiring business owners planning startups in the “next 2-3 months” was below the January 2020 reference point, at 78%.

'Second Quarter' Most Popular Startup Timeframe

Source: Franchiselnsights.com Startup Sentiment Index™ Sep 2023

This month, 51.3% of respondents expressed intent to start or buy their businesses within the next three months, up from January’s record low of 41.6% and the previous record low reading of 44.2% during the height of the Omicron wave in October 2021. Startup intentions at “4-6 months” were 18.5%, bringing the total with intent to start within 6 months to 69.8% of respondents. Another 13.8% of respondents are planning
their startups for 7-12 months out. Only 16.4% expect to wait twelve months or longer for their business launches.

27.2% Say Their Startup Timeframe is "Next Month"

FUNDING STILL KEY, BUT LEAST EVER SEE IT AS BIGGEST FACTOR

As access to funding remains a primary startup issue, prospective business owners are showing ongoing concerns about availability of startup financing in recent months, with 38.1% seeing it getting “harder or much harder” three months from now. Now 46.4% see access to funding in three months being “about the same” and 15.5% see it getting “easier or much easier” as they observe higher interest rates and tightening credit.
With other factors returning slowly to the foreground over the last several months, a record low 60.7% 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 significantly from the high seen in April 2021 at 87.6%. Beyond the funding concern, “economic climate” is next highest at 36.9%.

With stock market indexes declining since July, only 16.7% of entrepreneurs cited the stock market as having a significant impact on their business startup plans.

**PANDEMIC WORRIES CREEPING BACK?**

For more than two years, when asked how the pandemic had affected their interest in starting a business or opening a franchise, respondents to the FranchiseInsights.com Small Business Startup Sentiment Index™ often said that it “boosts my interest in controlling my own destiny through business ownership.” That sentiment fell to a record low 26.4% in May 2023, the same month that the US Government declared the Covid public health emergency over. It has slowly crept back to 35.7% in September.

Looking back to when the pandemic emerged, more respondents began indicating a preference for “businesses that would be resistant” to shocks like Covid-19. This sentiment is back at 21.4%, well above the record low of 11.1% in March, but significantly down from the spikes in December 2021 and January 2022 during the Omicron surges.

The percentage putting their plans “on hold” at 4.8% was up from the record low in July 2023. Those indicating that “this is an issue that will be resolved before starting” their businesses dropped to 22.6%, down from a record high of 40.6% last month.
FULL-TIME WORKERS AND GEN-X DOMINATE

Of the survey respondents, 45.2% are currently employed full-time, down from the high of 58.6% seen in October 2021. Current business owners made up 15.5% of respondents, suggesting a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stood at 60.7%.

About 26.2% of respondents were working as freelancers or consultants, and this month less than 1% of the aspiring entrepreneurs in the survey were on active military duty.

45.2% of Aspiring Owners Leaving a Full Time Job; 15.5% are Biz Owners

Gen-X dominated with a record 59.5% of respondents, while Baby Boomers stood at 14.3%. Millennials were 21.4% of respondents. This month, Gen-Z was 4.8% of respondents, down from the 10% peak seen in February 2022, and close to the 3.29%
share of all respondents seen in 2022. For the next several years, 
millennials and Gen-X will drive business startups as they reach peak business startup ages and Boomers age out of the workplace.

See also a complete profile of the generational demographics of aspiring business buyers from a large demographic sample spanning 2018-2021. Further, analysis of gender demographics of business buyers shows women making up an increasing percentage of aspiring business owners, particularly in the post-Boomer age cohorts.

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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 directory 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.