

Monetary policy and outdoor activities

[Economics](#), [Money](#)



People have various outdoor activities. These include working, relaxing, taking a trip, etc. Therefore, the presence of relaxation places is considerably important for the community. Because there is a significant demand for the facility, people often consider these facilities as a good economic opportunity. Coffee Shop is one of those places. Unfortunately building a profitable coffee shop is not as easy as what people might think.

Concerning the issue, this paper will discuss considerations in building a profitable coffee shop in Framingham, Massachusetts. The focus of this paper is to discuss the economical background of target market and how the analysis contributes to considerations in building a profitable coffee shop.

. Economical Background

II. 1. US Economy

In 2006, the United States reported unemployment rate of 4% of its population. The United States is recognized as one of the most successful nation in terms of suppressing unemployment level. Despite the fact that US Dollar are losing against many European Currency, the United States displayed a robust growth within the last several years. We have a 3.4% GDP growth rate ('United States', 2007).

However, the rate of consumption in the year 2006 showed slightly lower than they are in previous years. This notion however, is insufficient to conclude that new business considerations are not favorable. Some considered that this is due to the President's Growth Package and his assurance that by 2008 we will see significant growth in our economy compare to previous financial periods ('United States', 2007).

II. 2. Massachusetts Growth

Massachusetts economy also experience similar tendency to the national changes. In 2006, we witnessed decreasing disposable income and consumption capacity from 3. 9 million dollar to 3. 1 million. According to the president's growth package however, the tendency is temporary.

In 2008, America, along with Massachusetts and Framingham, will see enhanced level of growth due to the significant investment in infrastructure. For the case of Massachusetts, it was estimated that the disposable income would increase to 3. 1 million again after dropping to an estimated low number of 2. 4 million US dollar. The district also has minor problem in education. From 1999 to 2000, 10% of residents without diploma are leaving the labor force (' Massachusetts', 2007).

II. 3. Framingham Demographics

The city of Framingham is quite a large town with approximately 66, 000 residents in the year 2000. The town has 26, 000 households and 16, 000 families. Most of the population is whites in the age of 18 to 44. The most dominant race beside white is the Hispanic people, which consist of approximately 10% of the population. The number of female residents slightly exceeds the males. Fifty percent of the population is married couples. The median income is 54, 000 a year and per capita income is 22, 000. Sixteen percent (16%) of the population lived under the poverty line (' Framingham', 2007).

II. Designing Massachusetts Growth

According to analysts, the coffee shop business, along with other food-based business, has a large potential for profit and growth due to its large margin. According to estimation, a glass of coffee is contributing 50% profit from its retail price.

However, there are several important considerations that we need to make before opening the business. First, we need to make an assessment whether or not the coffee shop will attract significant amount of consumers. Second, we will need to make an assessment about the right location for the facility. A place close to a busy transportation hub has been recognized as the best place to set up a coffee shop. Third, it is important to assess the level of competition we will face when operating the business. Fourth, cost consideration is important when it comes to winning business competitions ('How to', 2007).

All of these considerations required the economic and demographic background assessment we have previously established. For example, for the first consideration, we need the demographic assessment of Framingham as a target market. The city is a large town with more than 60, 000 citizens, mostly whites that is the more likely consumer of a coffee shop. Thus, this data present positive support over the business plan. There is a low rate of unemployment, which signifies that the market is adequately stable for new small businesses

For the second consideration, we need to assess the level of economic growth of the city. The aim is to assess the level of activity of Framingham's residents and estimate how much interested they will be to a coffee shop. The data revealed that Massachusetts and Framingham has reported one of

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the highest economic growth rates in the country. Furthermore, the city of Framingham has a proactive government that encourages newcomers and new businesses to grow within the city. One of the reasons for such conclusion is the city's informative website, which provides visitors with information and links to various business and non-profit organizations within the city.

For the third and fourth consideration, we need information about business conditions within the city. Framingham has a quite high level of competition judging from the high number of companies exist within the city's boundaries and the high number of financial and public services also. However, as mentioned previously, we also need to consider the fact that the city has a considerably high-income rate to determine the prices of our cup of coffee.

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