**COMMERCE 1ST TERM**

**Scheme of Work**

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**INTRODUCTION TO COMMERCE**

**Objectives: by the end of this lesson, the student should be able to:**

1. Define Commerce.
2. Explain the Scope of Commerce.
3. Outline the Characteristics of Commerce.
4. Define E-Commerce.
5. List the advantages and disadvantages of E-Commerce.

***Commerce*** is the distribution of goods and services on a large scale. It includes all the auxiliary services that make mass distribution possible in the satisfaction of human wants. Commerce is “trade and aids to trade”.



Characteristics of Commerce

1. Commerce is an economic activity expressed in monetary terms.
2. The motive of Commerce is profit. Anything not done for profit does not fall under Commerce.
3. Commerce involves “the marketing”, “the exchange”, distribution and promotion of products.
4. Commerce creates time and place utilities for the satisfaction of consumer needs.

Functions of Commerce

1. Commerce promotes the rapid transfer of information through effective communication.
2. It facilitates the exchange of foreign made goods and services.
3. Commerce determines the wealth and standard of living of a nation.
4. Commerce makes for the protection against risks in day-to-day business operations.
5. Commerce creates an awareness of the existence of goods and services through advertising.
6. Commerce ensures that goods are produced, and kept at warehouses, thereby eliminating damage.
7. Commerce offers employment to a very large number of people in the nation, as: retailers, wholesalers, and bankers.
8. Commerce provides money to people through financial institutions.

**E-COMMERCE**

E-Commerce (Electronic Commerce) is defined as the buying, selling, and distribution of goods and services through electronic media, and the internet.

Functions and Advantages of E-Commerce

1. Consumers find it easier to compare and pick the best prices,
2. Smaller companies are able to compete against larger and more established companies.
3. It reduces the overhead cost involved in setting up a store.
4. It reduces prices by middlemen.
5. It fosters faster and direct communication between producers and consumers.

Disadvantages of E-Commerce

1. It may lead to loss of employment for the middle men.
2. Businesses are opened up to even wider competition.
3. Access to the store is based on access to the internet.
4. Computer illiteracy may make access difficult.
5. Often, customers receive substandard goods since they are unable to access the goods being purchased.

HOMEWORK: State and explain the importance of any 5 ancillaries to trade.

HISTORY OF COMMERCE

***Objectives***: One should be able to:

1. Describe the barter system
2. Outline the factors affecting the growth of commerce
3. Write a brief history of commerce in Nigeria

**THE BARTER SYSTEM**

Barter (Trade by Barter) is an act of trading goods or services between two or more parties without the use of money or a monetary medium. It is the oldest form of Commerce.

**Disadvantages of Barter**

1. *Lack of double Coincidence of wants*: It is a very laborious and time-consuming process to find a person who wants each other’s goods. For example: suppose a person possesses a horse, and wants to exchange it for a cow, he has to find out a person who not only possess a cow, but also wants a horse.
2. *Lack of common measure of value*: The rate of exchange will be arbitrarily fixed according to the items of for each other’s goods. Consequently, one party will be at a disadvantage in the terms of trade between the two pods ()
3. *Individuality of certain goods*: It is difficult to fix exchange rates for certain goods which are divisible.
4. *Difficulty in strong value*: As people trade in castle, grains, and other perishable commodities, it is very expansive and often, difficult to store and prevent the determination and loss over a long period.
5. Difficulty in making deferred payment: The two parties would often be unable to agree on the specific commodity to be used for repayment. Both parties would run the risk that the commodity to be repaid would increase or decrease seriously involve the duration of the contract.

**History Of Commerce in Nigeria**

People engaged in subsistence farming to produce for their facilities and bartered for the commodities they did not have. This can be compared to the present-day internal trade and was the first sign of interdependency and the initial stage of economic relations.

Trans-Saharan trade started international Commerce. The goods were transported through the other countries in the region by using camels. Newly developed Caravan routes connected Nigeria to the northern countries, establishing trade relations with Arab merchants and discovering a vast array of exclusive goods. The arrival of European missionaries began a brand-new chapter of trade, which is quite controversial. Among the other goods; the missionaries brought weapons, clothes etc, in exchange for local goods like palm oil and latex and for slaves. Past citizens began the significant centers of sea routes. Port towns started developing rapidly after slave trade was banned. Nigeria also became a member of the United African Company. Cocoa and palm oil headlined the list of exported products. The Communal Relations intensified in the 1960s when Crude oil became the subject of interest of foreign businessmen. It was followed by the huge investment into local infrastructure. Lagos became the centre of E-Commerce, ate the stage of active development.

E-Commerce grows by following the world’s most effective strategies and has a huge potential.

**Factors Limiting the Growth and Development of Commerce in Nigeria (in West Africa)** *Lack of Capital*: Where they are no capital or funding to carry out activities or tasks that require money, there will be no growth or development.

1. *Shortage of Infrastructure*: Poor network, bad roads, lack of electricity and shortage of water supply also contributes to the fall of Commerce.
2. *Political Instability*: Frequent changes in power and gives rise to new goals by political leaders which may not be coherent with the previous leaders and this can also affect Commerce’s development.
3. *Absence of a well-developed market*: A market is a place where different people meet for trade. Shortage of markets grossly affects the growth and development of Commerce.
4. *Poor Transportation and Communication Systems*: This is when the region has a very poor road network, as well as a poor Communication System and, most people have no access to mobile phones or even media sets.
5. *The primary production remains dependent on the market, thereby, interfering with Commercial growth*.

HOMEWORK

Explain 5 factors that have contributed to the growth of Commerce (SSCE June 1995)

**OCCUPATION**

***Objectives***: The Students should be able to:

1. Define Occupation
2. Classify Occupation
3. Differentiate between Commercial and Industrial Occupations.
4. List factors affecting employment.

***Occupation*** can be defined as any economic or productive activity which people engage in, to create and procure goods and services in order to make a living.

Classification of Occupation

Businesses are classified according to the nature of the work involved. Hence, “Occupation” can be classified into three main groups:

1. Industrial Occupation
2. Commercial Occupation
3. Services

Industrial Occupation: The term “Industrial Occupation”, is used to describe all activities concerned with the converting of raw materials into finished or semi-finished goods.

Types of Industrial Occupation

1. *Extractive Occupation*: The extractive industries are those which engage in obtaining raw materials, and natural resources from the soil or sea. This includes all kinds of processes, such as farming, fishing, mining, quarrying, forestry, and hunting. It is referred to as the primary stage of production.
2. *Manufacturing Occupation*: Manufacturing Occupation is concerned with the activities of those who engage in processing and turning raw materials produced in the primary industries into finished products. E.g. Food processing, textile manufacturing, plastic making etc.
3. *Constructive Occupation*: Constructive Occupation is concerned with all the activities of those who engage in the assembling of manufactured goods into usable form. E.g. bricklayers, road builders, goldsmiths, and carpenters.

Commercial Occupation: Commercial Occupation includes all occupations that are concerned with trade, and other activities that will ensure effective distribution of goods and services.

Types of Commercial Occupation

1. *Trading*: “Trading” defines the activities of people who engage in the act of buying and selling of goods and services. “*Home trade”*on the other hand, involves wholesalers and retailers. While, “*Foreign trade”* involves import and export.
2. *Insurance*: Insurance is concerned with the activities of people who undertake the responsibility to protect individuals, or businesses, against risks. Examples of people in this occupation are: the Insurance brokers or uncen…() and agents.
3. *Banking*: Banking is a commercial occupation involving people who assist others to have money for their daily needs. They also provide Capital for embarking on business ventures. E.g. bankers.
4. *Advertising*: Advertising involves the business of providing information about the existence of products to the potential buyers. Advertisers create awareness of the existentiality of products. E.g. advertising agents.
5. *Transportation*: Transportation is concerned with the movement of goods and services from their points of production, to where they are needed. Those who engage in this “Occupation” are: “Drivers”, “Pilots”, “Sailors” etc.
6. *Warehousing*: Those who engage in this occupation are concerned with ensuring that goods produced are stored until they are needed for consumption. The people involved includes: “Warehouse managers”, “Clerks” etc.
7. *Tourism*: Tourism is involved with all the activities of those who engage in creating “Tourist attractions” in different Tourist centres. E.g. Guides in National Parks.
8. *Communication*: Communication includes all activities which promotes the rapid transmission of messages between senders and receivers, e.g. Courier Services Produced () Telephone Operators.

Services/ Tertiary Occupation: These are “Occupations” that involve doing something for the consumers, *personally* or *indirectly*.

Types of Service Occupation

1. *Direct Service*: This includes personal services rendered for direct consumption. They are paid for directly by those who enjoy the services. Those who engage in this form of occupations are: “Barbers”, “Stewards”, “Family doctors”, Housemaids”, “Lawyers”, etc.
2. *Indirect Service*: These include “Services” rendered to the general public, but they are not paid for by the members of the public directly. E.g. “Doctors working in the public hospitals”, “Police officers”, “Soldiers”, “Customs officers”, “Civil servants”, “Law makers”.

HOMEWORK

Show with the aid of a diagram, the Classification of “Occupation” and give one example of each classification. (NECO 2000)

**PRODUCTION**

**Objectives:** Students should be able to

1. Define production
2. Classify production
3. List the Factors of production
4. Discuss the features and importance of the factors of production.

Production can be defined as, “The transformation of raw materials into finished goods, and their subsequent distribution to the consumers, in order to satisfy human wants.” Production can also be referred to as the creation of utilities*. Production is not complete until the goods and services get to the final consumer.*

Types of Production

Production is grouped into 2: Direct and Indirect Production.

1. *Direct production:* This is a type of production in which individuals produce goods and services only for family use/ consumption. The goods produced are not for sale,. And usually, “Family labour” is employed in the production process. Direct production is in small scale.
2. *Indirect production* is the type of production in which goods and services are produced in large scale, mainly for sale, or exchange for other needs. This type of production employs the use of modern equipments and skilled labour, in order to make surplus goods and services. Indirect production is subdivided into 3: *primary*, *secondary* and *tertiary production*.
3. *Primary production (Industry*): Primary production refers to the extraction of raw materials provided by nature. Primary production forms the basis for further production. Examples of “Primary production” includes: agriculture, mining, fishing, lumbering. Etc.
4. *Secondary production (Commerce):* Secondary production involves the transformation of the raw materials, or semi-finished goods produced by extractive industries into final forms that are acceptable to the consumer. Secondary production includes all forms of manufacturing and construction.
5. *Tertiary production (Services):* Tertiary production is concerned with the production of commercial and professional services to people. The goods produced at the primary and secondary production levels are distributed to the people for consumption. All occupations under Commerce and services are in this category.

Importance of Production

1. Availability of goods and Service: Production helps to ensure that goods and services are made available for use by human beings.
2. Improvement of Standard of Living: Production helps to develop an improvement in the standard of living of the people.
3. Provision of employment: Continuous production ensures the employment of many people.
4. Increase in wealth of people: Production assists people to accumulate wealth, as a result of continuous employment.
5. Increase in export potentials: Production also assists a state or nation to boost her export of goods and services, to other nations.
6. Acquisition of skills: The engagement of people in production makes them to acquire special skills.

**Types of goods**

Goods may be classified into consumer goods and production goods.

Consumer goods are for immediate consumption and do not enter the production process again. Consumer goods may be durable e.g. Cooking utensils are non-durable e.g. meat, bread, milk.

Producer goods are meant to serve as input further down the production processes. e.g., refined rubber, flour, machines, etc.

**Factors of Production**

Meaning: Factors of production refers to agents, components and resources which are combined together to make production possible. These are: Land, Labour, Capital and Entrepreneurship.

Land: Land is a free gift of nature. It includes all natural resources used in production like: Oceans, mineral resources, rivers, oceans, atmosphere etc. The reward for land is rent.

Characteristics/ Features of Land

1. Land is immobile.
2. Land is a free gift of nature.
3. It is relatively indestructible.
4. The supply of land is food.
5. The quantity and value of land varies from one place to another.

Importance of Land

1. Farming resources
2. Livestock and Fishery
3. As Collateral Security.
4. For the construction of Residential buildings.
5. It serves as a source of minerals.
6. For construction purposes, etc.

**Labour**: Labour is defined as all human efforts put into production. I t involves man’s mental and physical exertion in the process of production. The reward for labour is wages and salaries. There are 3 types of labour namely.

1. Unskilled Labour: This comprises of labourers with little or no education whose work requires the use of physical energy.
2. Semi-skilled Labour: This comprised of workers with little education or training whose job does not require high skill or high mental effort.
3. Skilled Labour: This comprises of workers who possess high level education and skills. Such as “Professionals”, and “Managerial staff”.

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| **Characteristics/Features of Labour** | **Importance of Labour** |
| Labour is mobile. | Provision of personnel. |
| Labour has feeling. | Production of goods and services. |
| It is perishable. | Operation of machines. |
| It is not predictable. | Other factors depend on Labour for their usefulness. |

**Capital**: Capital is defined as man-made wealth or assets used to create further wealth. It is a man-made “resource” used to produce other goods and services. The reward for Capital is “Interest”.

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| **Characteristics of Capital** | **Importance of Capital** |
| It is man-made. | It influences other factors of production activity. |
| It is durable. | It is used to buy raw materials. |
| It exists in different forms. | It is used to pay wages and salaries. |
| It is subject to depreciation. | It is used to acquire assets. |
| It ensures large scale production. |  |
| It promotes division of Labour. |  |

**Entrepreneur**: An entrepreneur can be defined as the factor that co-ordinates and organizes other factors of production, in order to produce goods and services. It is the driving force behind the business. The reward for entrepreneurship is “profit”.

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| **Characteristics of “Entrepreneur”** | **Features/Importance of “Entrepreneur”** |
| Risk bearer. | Provision of Capital. |
| Controls other factors of production. | Decision making. |
| Decision making. | Risk bearing. |
| Organisation. | Efficient management. |
|  | Efficient organization. |
|  | Organising and researching activities. |
|  | Determines Pricing Policy |

**HOMEWORK**: Draw a diagram representing the main division and sub-divisions of “Production”.

**Division of Labour and Specialisation**

**Division of labour** is the system of breaking down a production process into segments, and tasks, which can be performed by different individuals or machines.

**Specialization** simply means the concentration of the productive effort of an individual, organisation or country towards the production of certain commodities or, towards a line of production where it has greater comparative advantages.

Specialization can be based on:

1. Process: The production process is divided into different operations or stages. And a worker from a country now concentrates on only one operation stage.
2. Sex: This is the type of specialization in which certain occupations are exclusively for either male or females as dictated by custom tradition or law.
3. Product: A producer concentrates on the production of a particular commodity.
4. Geography: A certain geographical region or territory specializes in the production of a particular commodity.
5. Exchange: This is the process of giving out something of value in order to obtain something of value in return. It is an outcome of specialization and production. Due to specialization and production, no one is self-sufficient so as to obtain all his requirements. Hence, there is need for the exchange of goods and services for one to get all their needs met.

Advantages of Division Of Labour and Specialization

1. Time saving: It helps to save time that would have been wasted in moving from one operation to another.
2. Increase in production: Division of Labour and specialization all lead to increase in production because the various experts work together to boost production.
3. Less fatigue: In division of labour, a worker concentrates on only a portion of production, and since he makes use of machines, he does not get tired easily.
4. It increases the skill of workers: It enables workers to develop greater skills through repetition.
5. Leads to specialization: It makes people to specialize in the performance of a particular job.
6. It creates employment opportunities: It creates employment opportunities for people, because the production process is divided into stages.
7. Leads to innovation and invention: It enables people to discover a better way of doing things.
8. Improved quality of goods: It helps in the production of high-quality goods.

Disadvantages/ Demerits of Division of Labour and Specialization.

1. It makes the work to be monotonous. In division of labour and specialization, a worker performs the same job on a daily basis. The job will become monotonous and boring.
2. Decreases Craftsmanship: People no longer make use of their skills because of the use of machines.
3. Results in immobility of labour: It makes it difficult for people to move from one profession to another.
4. Reduces employment opportunities: It makes use of more machines than humans.
5. It brings about increased independence among industries: Division of labour and specialization makes industries to depend one another absence of a …() can distract the production process.

Limitations to Division of Labour and Specialization

These are factors that limit the importance of division of labour and specialization:

**They include:**

1. *The size of the market*: The size of the market will determine whether goods produced can be absorbed or not.
2. *The nature of the “product”:* Some production processes cannot be divided e.g. barbing.
3. *The level of technology*: The level of technology sets a limit to the extent of specialization.
4. *Availability of Capital*: The availability of Capital matters a lot, because provision has to be made for workers’ salaries.
5. *Availability of labour*: The availability of workers will determine the stages to which production is divided.

**TRADE**

Specific objectives: by the end of this lesson the student should be able to:

1. Identify the different types of trade
2. Describe the relationship among the different types of trade

Trade is the act of buying and selling of goods and services. People trade with the aim of making profit, in order to cater for their needs.

Types of Trade

1. Home/ local/ internal/ domestic trade.
2. Foreign/ external/ international trade.
3. Entre-port.

*1.Home/ local/ internal/ domestic trade*: This is the buying and selling of goods and services within a country. Buying of goods and services that take place in from Lagos to Port Harcourt, Onitsha and Aba is home trade. It is within Nigeria.

Types of Home/ Local/ Internal/ Domestic Trade.

1. *Retail trade*: Retail trade is when the retailer buys goods in small quantities from the wholesaler or the manufacturer and sells them in bits to the final use (consumer).
2. *Wholesale trade*: This is trade in which the purchaser buys goods in bulk or large Quantity from the producer or manufacturer and sells in small quantity to the retailer.

*2.* Foreign/ external/ international trade: Foreign trade is buying and selling of goods and services involving countries of the world. Foreign trade is the exchange, buying and selling of goods and services between two or more countries. When Nigeria sells crude oil and gas to Japan, China or the United Kingdom, it is international trade.

Types of Foreign/ external/ international trade

1. Export trade: This is the selling of goods and services produced in one country (Say Nigeria) to other countries.
2. Import trade: This is when businessmen in Nigeria buy goods from foreign countries for the purpose of selling them eithin the country. Whether goods are bought from overseas by individuals, government, schools or business organizations, “import” has taken place. Items such as electronics, videogames, computers, motor vehicles, are imported from other countries.
3. Entre-port: This is the re-selling of imported goods by one country to another, without changing or transforming the goods. Entre-port is also known as re-exporting. For example: a businessman imports computer games from Japan to Nigeria; instead of selling them in Nigeria, he sent them to Ghana where he is paid in a foreign currency.

Relationship Between Home and Foreign Trade

1. Currency is the medium of exchange. It may be local or foreign currency.
2. Profit is the motive behind any form of trade.
3. Revenue is earned for the government.
4. Warehouses are used to keep goods.
5. Middlemen are involved in the trading activities.
6. Trade leads to economic growth.
7. The needs or wants of commerce are met.

HOMEWORK : In a table, list the differences between home and foreign trade.

**Home Trade**

Home trade is the buying and selling of goods and services within a geographical area of a nation. This type of trade takes place within the boundaries of the country. It is also called internal or domestic trade.

***Diagram of home trade:***



**Retail trade**

**Obj**: by the end of this topic, the student should be able to

1. Define “retail trade”.
2. Discuss the characteristics of retail trade.
3. Discuss the factors to be considered in each.
4. Classify retail trade: Small Scale retailers and Large scale retailers.
5. Provide reasons for the survival of small-scale retailers.

1. Give two examples of small-scale retail outlets, and three examples of large scale retail outlets. (b). Explain 5 reasons for the survival of small-scale retailers. (SSCE June 1996).

2. Write short notes on the following: Small shops, mobile shops, tiled shops, supermarket, peddling (WAEC June 2003).

3.Explain 5 ways in which the activities of hawkers contribute a disadvantage to the economy. (b) Describe five factors that may be considered in siting a small scale retail shop. (SSCE Nov 1999).

**Retail trade** is the business activity of buying goods in small quantities from the wholesaler, and selling in bits to the final consumers. Retailing is the final link in the chain of distribution. The person who engages in retail trade is called a “retailer”.

Retail activities can be classified into small-scale and large-scale retail trade.

Characteristics of Retail Trade

1. A retail trader buys goods in small quantities from the wholesaler and sells in smaller units to the final consumer.
2. Retail trade deals with variety of goods.
3. It brings the goods closer to the consumer.
4. It deals with consumer goods.
5. Retail trade requires a small amount of capital for its establishment.

Functions of retail trade

1. Retail traders buy in small quantities from the wholesaler or producer and sells in smaller quantities to the final consumer.
2. A retail trade provides the consumer with variety of goods.
3. It sells goods on credit to the consumer who I creditworthy.
4. The retailer gives advice to the consumer and feedback to the wholesaler.
5. The retailer sometimes offers after-sales services to the consumer in order to increase patronage.
6. The retailer makes goods available at a convenient hour. E.g. opening the shop early, and closing early.
7. Retailers create awareness about new products and existing ones.

Factors to be Considered in Setting up a Retail Trade

1. Capital: The amount of capital will determine the size of the business.
2. Price policy: The retailer must put into consideration the selling price of the product.
3. Source of Supply: The retailer must determine the source of supply so as to maintain constant supply.
4. Experience: The retailer must have acquired some skills on the field in which he wants to operate e.g. electronics, business profession, etc
5. Business location: The place a business is situated is very important, as it will determine the rate of walk-in customers.

Methods of Classification of Retail Trade

1. By the types of ranges of goods offered for sale.
2. By the functions performed,
3. By the size: based on the number of employees, or turnover.
4. By ownership e.g. independent, co-operative.
5. By location e.g. rural or urban.

Diagrammatic Classification of Retail Trade in Small and Large Scale



Small Scale Retailing: This is retail trading with small coverage. Little capital is needed in setting up this type of retail trade.

Characteristics of A Small-Scale Retail

1. Little Capital: The amount of capital required for a small retail business is small.
2. New workers are employed.
3. Price is determined through bargaining.
4. Labour intensive system, under small scale retailing, more labour is used.
5. It is mostly a “one-man business”. This means it is owned by a single individual.

Types of small-scale retail

1. Hawking/ itinerant/ peddling.
2. Mobile shops
3. Streets or roadside trading.
4. Market trader or Stall-holder.
5. Unit stores/ tied shops.
6. Small-stores.
7. Kiosks.

1. Hawking/Itinerant/Peddling: In this type of trade, goods are conveyed from one place to another, either on head, by canoes, by carts. Hawking is the cheapest, and the most popular in Africa because it requires little capital.

Characteristics of Hawking

1. It produces door to door selling.
2. Hawking requires a small amount of capital to be setup.
3. A variety of goods are sold to consumers in small outlets.
4. It involves the movement of goods from one place to another on the head with trays and wheelbarrows.
5. The produce is sold at a relatively low price.
6. They do not pay rent.

Advantages of “Hawking”

1. Small amounts of capital is required to setup.
2. It provides door to door services to consumers.
3. It provides people with the opportunity to be self-employed.
4. Hawking covers more ground thereby increasing sales and profit.
5. Hawking is a form of advertising.
6. Products are sold at lower prices.
7. The running cost of the business is low.

Disadvantages of Hawking

1. Hawkers are exposed to road accidents.
2. There are limitations to the quantity that can be carried.
3. It can disturb the flow of traffic.
4. Young hawkers are exposed to bad influences, especially females who are exposed to rapists.
5. Hawking can also contribute to the littering and refuse problems.

2. Mobile shops: Mobile shops are small retail shops that are moved from one place to another in vans, wheelbarrows, bicycle, motorcycles, bike, etc. A wide range of goods are arranged in them and moved from one place to the other. Mobile shops advertise their goods by ringing bells, playing music, etc.

3. Street or roadside trading: These are those retailers that display their wares among the roads, streets, school gates etc.

Features

1. The trader has a particular place they stay to tell their wares.
2. They sell a wide range of goods.
3. They stay on busy roads.
4. They display their wares outside.
5. They sell at low prices.

4. Market trader or stall holder: This is the type of retail trade which takes place in a particular location, e.g. constructed sheds. They have a specific time for opening and closing. All shops in Wuse market are an example.

Features of Market Traders or Stall Holders

1. They have stores in markets.
2. They have a specific time for opening and closing.
3. The stores are arranged according to what is been sold.

HOMEWORK: Give advantages and disadvantages of tied shops and small stores.

Unit stores/tied shops: Tied shops sell only a single product supplied directly by the manufacturer. The manufacturer supports the shop owners with finance and equipments to facilitate their sales. e.g. a store selling only TECNO phones.

Small stores: This type of retail trade involves the sale of convenience goods in stores that are located in front of residential houses of the retailers.

Reasons for the Survival of Small-Scale Retailers

A small-scale retailer still exists despite the competition from larger forms of retail trade. The reasons include:

1. The amount of capital needed to set up a retail trade is small, compared to a large-scale business.
2. Decision making: It is very easy for a small-scale retailer to make a quick decision that will adapt to changing a situation.
3. Combining retail business with other work: A retail business can be combined with other jobs.
4. The cost of running a small-scale business is low when compared to that of large-scale businesses.
5. The retailer can easily get the assistance of family members.
6. Consumers receive personal attention from the small-scale retailer, and this gives them an edge above the large-scale retailers.
7. Small-scale retailers sell in smaller quantities to their customers, as opposed to the large-scale retailer.
8. No special requirement in setting up the business: The small-scale retailers need no special requirement to be setup.
9. Easy relocation: A small scale relation can easily move from one place to another.

Reasons Why Small-Scale Retailers Fail

1. Competition from multiple organizations.
2. They lack the expertise in terms of the functions of retailing.
3. Small scale retailing sometimes lacks sufficient capital for investment an expansion.
4. The location of a business really matters. Some small-scale retail businesses are not located in places where customers can exercise free choice over a wide-range of goods.
5. Indiscriminate granting of craft facilities can ruin the business.
6. No advertisement.
7. Goods are often uninsured.

**Large Scale Retailing**

Objectives: One should be able to:

1. List the various forms of large-scale retail.
2. Discuss 9 forms of large-scale retail and their features.
3. Compare and contrast their advantages and disadvantages.
4. List 4 types of small-scale retailers and large-scale retailers (June 2006)
5. Explain 5 advantages of large-scale retailing. (B) State 5 characteristics of each of the following (i) department stores (ii) supermarkets.
6. State 6 reasons why supermarkets are popular for shoppers.

Types of Large- Scale Retailing

1. Chain or multiple stores
2. Department stores.
3. Super markets.
4. Mail order stores.
5. Discount houses.
6. Franchise.
7. Hype-market.
8. Variety stores
9. Retail Co-operative Society

1. Chain stores or multiple stores: This is a group of retail stores of essentially the same type, centrally owned with some degree of centralized control of operation and selling the same range of products.

Features

1. They have many branches all over the place.
2. They sell one line of products.
3. They have similar shop fronts.
4. Purchasing is centralized at headquarters.
5. They operate at uniform prices determined of the head office.

2. Departmental stores: This comprises of a collection of shops under one roof, with each shop or department specializing in selling a special range of goods.

Features of Departmental Stores

1. They are usually located in large towns and cities.
2. Each department is under the control of a manager who is also responsible for buying.
3. Sales are self-service.
4. They have a wide range of specialized goods.
5. Losses in a department can be offset with gains from other departments.

3. Supermarkets: This is a large retailing business unit selling mainly food and household items, on the basis of a higher turnover, with wide variety and much emphasis on merchandise appeal.

Features of Supermarkets

1. Goods are tagged with prices and displayed on open shelves.
2. Check-out desks are provided for paying for goods purchased.
3. Trolleys and baskets are provided for customers.
4. They operate on “cash and carry” basis.
5. Air-conditioned atmosphere makes the experience comfortable for people.
6. They offer a wide range of goods and shoppers can get all they need in one shop.

4. Hypermarkets are large supermarkets with a minimum of 25 checkout points with at least 50000 square feet of selling space all on a single level. They offer a very wide range of products with self-service and free car parking lots. Hypermarkets are usually situated outside the towns, and are common in America and some European countries.

5. Mail Order: Mail order involves the buying and selling by postal devices.

Features of Mail-Order

1. It is operated through the post.
2. Customers chose the goods from a catalogue.
3. Payment is done in C.O.D (cash on delivery), or C.W. (Cash with Order) basis.
4. It incurs lower overhead costs.
5. It operates from its warehouses.
6. Goods are delivered to the buyer’s destination

6. Discount houses: They are able to sell at very low prices, because they buy in bulk and offer minimum customer service. It is popular in America.

7. Franchising: Under franchising, the retailer is giving conditional rights to market a company’s goods and services under their banner. The franchiser supplies the name, products, goodwill, and general know-how, while the franchise provides the capital.

8. Variety stores: They handle a wide assortment of goods not necessarily related to each other.

9. Retailer Co-operative Society is formed by many small independent retailers who pool their resources together. In this way, they can buy in bulk and sell in lower prices to their members.

Features of Retail Co-operative

1. High turnover, because members buy in bulk.
2. Democratic management and Control.
3. No need for advertisement.
4. Members earn differently, based on their purchase.

Disadvantages of Retail Co-operative

1. Too much democracy makes decision making difficult.
2. Management positions are given to members who may not have that skill.
3. They offer only a narrow range of goods.
4. There is often no credit facility.

Group Project: In a table, differentiate between negative and positive rights.

Advantages of Large-Scale Trade

1. Ability to enjoy economics of scale due to their large size.
2. They can afford to carry out large scale advertising.
3. The risk of the business is widely spread and “losses” in one department can be easily offset by other departments.
4. They rarely sell on credit and therefore they do not incur bad debt.
5. They can afford to employ specialized management staff.
6. Large-scale retailers easily gain from E-commerce services.
7. They stock so much variety of goods thereby attracting a wide range of customers.

Disadvantages of Large-Scale Retail Trade

1. Extremely high cost of operations may eliminate profits.
2. There is no personal touch for the customers.
3. High rate of pilferage, due to self-service.
4. Available only in urban areas.
5. No room for bargaining.

**MODERN TRENDS IN RETAILING**

*Objectives*: One should be able to

1. List 6 trends in modern retailing.
2. Define each trend.
3. Enumerate the effects of each of the set trends.

WAEC on my mind:

1. Explain “Branding”, and give 2 suitable examples. (b) In which 5 ways dies “Branding” affect the consumer (1999).
2. Give 6 reasons why manufacturers pre-package their products. (b) State any 4 disadvantages of pre-packaging. (2000)
3. Give 4 reasons why retail shops adopt self-service. (b) Explain 6 facilities that a retail shop should have, to encourage self-service (2003).
4. Explain the following and give 3 benefits of each “branding”: after-sales service, vending machine 2005.
5. Identify 2 advantages and 2 disadvantages of automatic vending (2006)

**6 Trends in Modern Retailing**

1. Branding.
2. Self-service
3. After sales service
4. Vending machine
5. Pre-packaging
6. Credit card
7. “Branding”: This is the act of giving a distinctive name or label to a product. It helps in creating, stimulating and maintaining demand. It is a form of Advertising. Examples of Branding include: 505 (Peugeot), BMW, OMO.

Effects of Branding

1. Branded goods are more costly.
2. Too many brands may confuse the consumers.
3. It encourages standardized pricing.
4. Branding informs the customer about the existence of a particular product.
5. It makes products become household names, and therefore expands the market of the product.
6. Branding is an assurance that the producer will maintain a standard or quality.
7. It simplifies buying, and encourages self-selection.
8. It can create false buying on the part of the costumers.

(B) Self-service: this allows the customer to go round and select the products he wants, without the help of shop attendants. The goods are displayed with price tags for customers to move around, and settle their Choices without assistance from the shop pattern dance. Baskets and Trolleys are provided to ensure effectiveness.

Effects of Self-Service

1. Customers who like to go and take time to choose what they want, are encouraged to do.
2. Self-service leads to more sales.
3. Self –services encourage impulse buying.
4. It reduces our head cost, because less shop assistants are needed.
5. Bargaining is avoided thereby maximizing profit.
6. It gives customers freedom of choice.

Facilitates Needed For Self-Service

1. There should be attractive shelves where goods are well displayed.
2. Goods should be packaged with price tags attached,
3. The stall should be spacious, in order to facilitate the free movement of customers.
4. Trolleys and baskets should be provided.
5. Security should be optimized to avoid playing.
6. Cashiers with automatic cash registers should be deployed.

(C). After-Sales Service: This refers to the service provided to customer in the form of home delivery, installation and maintenance of appliances purchased from the shop.

Effects of After-Sales Service

1. It is used as an extra attraction for customers to patronize the particular retail shop.
2. It is associated with giving of guarantee, which creates goodwill and confidence.
3. It is used as a competitive tool by retailers.
4. It helps the sale of complex goods.
5. It increases the selling price of goods.

D. Vending machine: This is a retail outlet that automatically dispenses pre-packed items such as the ink stored in it whenever the appropriate value coin is inserted.

Advantages of Vending Machine

1. It provides 24-hour service.
2. It is way faster than buying in a shop.
3. It is used to sell convenience goods e.g. sweets, ice-cream etc.
4. It reduces the cost of labour, since machines are used.
5. It ensures self-service.

Disadvantages of Vending Machine

1. No refund of Cash Balance.
2. Limited to a range of goods.
3. The machine can be manipulated and stolen from.

**Pre-packaging** is a technique whereby retailers sell goods already weighed, measured and packaged by manufacturers.

*Manufacturers pre-package their goods for the following reasons:*

1. It protects the products as it moves sown the channel and distribution.
2. Since they are standardized, they facilitate self-service and order business.
3. The middlemen are relieved from the burden of having to package the goods.
4. For corrosive products, it protects both the consumer and retailer.
5. Branding and labeling are made possible.

Disadvantages of Pre-Packaging

1. The packaging is usually costly, and this cost is borne by the final consumer.
2. The labeling may be false.
3. The packaging contributes to the general title.
4. It makes the “inspection of the actual goods before buying”, difficult.

Credit Cards: This is a system which involves the use of plastic cards to purchase goods and services (on credit) from specified sellers. These purchases are made, up to a specific amount, then payments for such goods are made later.

Advantages of Credit Cards

1. Promotes credit purchases.
2. It eliminates carrying of cash.
3. It increases general turnover and therefore profit.
4. It reduces rate on shop burglaries.

Disadvantages of Credit Cards

1. May lead to bad debts for the seller.
2. Goods sold on credit are usually costlier.
3. Credit card scams are common and negatively affect a business.
4. No room for bargaining.