🧾 SS1 Commerce – Week 2 Lesson Note

Topic: Introduction to Commerce (Continued)

🔶 1. Characteristics of Commerce

Commerce has several key characteristics that differentiate it from other human activities. These characteristics explain what commerce is, how it functions, and why it is essential in the economy.

✅ Major Characteristics:

1. Exchange of Goods and Services

Commerce is centered on buying and selling of goods and services.

The goal is to satisfy human wants by moving goods from areas of surplus to areas of need.

> Example: A farmer sells yams in the market while buying clothes from a trader. That’s an exchange.

---

2. Profit Motive

All commercial activities are carried out with the intention of making profit.

Unlike social or religious activities, commerce focuses on earning income through transactions.

> Example: A retailer buys goods at ₦500 and sells at ₦700 to make ₦200 profit.

---

3. Presence of Middlemen

Middlemen are intermediaries such as wholesalers, retailers, and agents who link producers to final consumers.

They facilitate the movement and distribution of goods.

---

4. Risk and Uncertainty

Commercial activities involve risks such as theft, damage, market price fluctuations, or goods expiring in storage.

Insurance is often used to reduce or manage these risks.

---

5. Requires Capital

Commerce cannot take place without finance or capital to fund transportation, purchase of goods, advertising, etc.

> Example: A trader needs capital to stock a shop or pay for delivery.

---

6. Relies on Aids to Trade

These are services that support commerce, including:

Banking (for finance and transactions)

Insurance (for managing risk)

Transport (moving goods)

Warehousing (storage)

Advertising (creating awareness)

---

7. Creation of Utility

Commerce adds time utility (by storing goods for future use),
place utility (moving goods from producer to consumer), and
possession utility (changing ownership through sales).

---

8. Encourages Specialization and Division of Labour

Because others handle storage, delivery, or promotion, producers focus solely on making quality products.

This increases efficiency and productivity in the economy.

🔷 2. E-commerce (Electronic Commerce)

🖥️ Definition:

E-commerce refers to the buying and selling of goods and services through electronic means, particularly the internet.

> In simple terms, it means doing business online.

🧾 Real-life Examples of E-commerce:

Buying phones on Jumia or Konga

Selling used items on Jiji.ng or Facebook Marketplace

Paying for WAEC registration online

Ordering food via Bolt Food or Glovo

📱 Types of E-commerce:

🔶 1. B2B – Business to Business

Transactions between two companies.
Example: A manufacturer selling raw materials to a factory.

🔶 2. B2C – Business to Consumer

A business sells directly to the end customer.
Example: Jumia selling shoes to individuals.

🔶 3. C2C – Consumer to Consumer

Consumers sell directly to each other.
Example: A student sells a used phone on Jiji.ng.

🔶 4. C2B – Consumer to Business

Individuals offer goods or services to

businesses.
Example: A freelancer offers graphic design services to a company.

🌍 Features of E-commerce:

It operates 24/7 – anytime, anywhere.

Uses electronic payment systems like cards, mobile money, PayPal, etc.

Requires digital devices – smartphones, tablets, or computers.

Depends on internet connectivity.

Involves delivery systems to send physical goods to buyers.

🔶 3. Functions of E-commerce

E-commerce plays a vital role in modern-day business. Its functions include:

✅ 1. Online Buying and Selling

Enables individuals and businesses to trade goods and services online without a physical store.

✅ 2. Enables Digital Payments

Customers can pay using debit/credit cards, USSD, online banking, or digital wallets like Paystack, Flutterwave, OPay, etc.

✅ 3. Provides Access to Global Markets

E-commerce allows small businesses in Nigeria to sell to buyers across the world.

> Example: A craft maker in Lagos can sell handmade jewelry to customers in the UK.

✅ 4. Reduces Operational Cost

With fewer staff, no rent for shops, and automated systems, businesses save money.

✅ 5. Supports Advertising and Promotion

Online platforms allow businesses to reach many people through ads, social media, and email marketing.

✅ 6. Tracks Customer Behavior

E-commerce platforms collect data on what customers like, buy, and view.

This helps businesses make smarter decisions.

✅ 7. Ensures Fast Delivery and Order Fulfillment

Many platforms now offer same-day or next-day delivery, increasing customer satisfaction.

📏 How is E-commerce Measured?

To know how well an e-commerce business is doing, the following metrics are used:

Metric	Meaning
Sales Volume	Number of items sold
Website Traffic	Number of visitors to the platform
Conversion Rate	% of visitors who actually buy something
Customer Retention	Number of repeat customers
Cart Abandonment Rate	% of people who leave without completing their order
Average Order Value	How much each customer spends on average

🧠 Summary

Commerce is the backbone of trade. It

involves all the activities needed to move goods from producers to final consumers. With the rise of digital technology, e-commerce has revolutionized how we buy and sell, offering convenience, wider markets, and automation. Understanding both traditional and electronic commerce prepares students for today's digital economy.

-