

SS1 Commerce – Week 1: Introduction to Commerce

Lesson Focus

This lesson introduces students to the foundational concept of commerce, its components, scope, and how it impacts everyday life and the economy.

Lesson Objectives

By the end of this lesson, students should be able to:

- Accurately define **commerce**.
 - Distinguish **trade** from **aids to trade**.
 - Describe the **scope** of commerce using real-life examples.
 - Identify and explain the major **functions** commerce plays in society.
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1. MEANING OF COMMERCE

Commerce is a sub-branch of economics that focuses on the **activities involved in the exchange of goods and services** from the producer to the final consumer.

Definition:

Commerce is the process of buying and selling goods and services and the activities that help in making these exchanges successful.

Commerce begins **after production ends** and ends when **consumption begins**. It does not involve making the product, but ensures that the product **reaches the consumer**.

Commerce = Trade + Aids to Trade

A. Trade

Trade is the **core activity** of commerce. It involves the actual **exchange** (buying and selling) of goods and services.

- **Home trade:** Within the same country (e.g., a Lagos trader selling yams in Abuja).

- **Foreign trade:** Between countries (e.g., Nigeria exports crude oil to the USA).

B. Aids to Trade

These are **supporting services** that help trade to happen efficiently:

Aids to Trade Role

Banking Provides funds, accepts deposits, enables payments.

Transportation Moves goods from farms/factories to markets.

Insurance Protects goods and traders from risks (fire, theft, accident).

Warehousing Stores goods until they are needed or sold.

Advertising Informs potential buyers and boosts sales.

Communication Facilitates interaction between buyers and sellers (phone, email, etc).

2. SCOPE OF COMMERCE

The scope refers to **everything commerce covers**. It includes:

A. Trade

- **Home Trade:**
 - *Retailers:* Sell directly to consumers (e.g., shop owners).
 - *Wholesalers:* Buy in bulk from producers and sell to retailers.
- **Foreign Trade:**
 - *Importing:* Bringing goods into Nigeria.
 - *Exporting:* Sending Nigerian goods abroad.
 - *Entrepôt:* Importing goods, modifying, and re-exporting them.

B. Aids to Trade

These services enhance the smoothness of trade and are **critical** to commerce. Without them:

- Goods may not reach customers.
- Producers may not get paid.

- Buyers may not know products exist.
- Losses may bankrupt businesses.

Real-Life Example:

A farmer in Kaduna grows tomatoes (production). He sells them to a wholesaler (trade) who transports them to Lagos (transportation), advertises them (advertising), and stores the tomatoes in a cold room (warehousing) before selling them in a supermarket (retail trade). The supermarket uses bank services for payments (banking) and insures the goods in case of spoilage (insurance).

3. FUNCTIONS OF COMMERCE

Here are some **key functions** that commerce performs in an economy:

Function	Explanation	Example
Facilitates exchange	Enables the movement of goods from producers to consumers.	E.g., getting electronics from China to Nigerian markets.
Links producers and consumers	Creates a connection between the source of goods and the users.	Farmers → Market → You
Creates employment	Generates jobs in banking, logistics, insurance, marketing, etc.	A delivery rider or warehouse manager is employed due to commerce.
Promotes economic development	Drives business growth and increases a nation's income.	Exporting cocoa brings foreign exchange.
Improves living standards	Makes a variety of products available and accessible.	You can buy clothes, phones, and food conveniently.
Encourages specialization	People focus on what they do best (produce, store, sell).	A farmer grows yams; a seller markets them.
Supports international relationships	Fosters trade between nations.	Nigeria and China trade oil and electronics.